

EXHIBIT C

MASTEC'S Consolidated Financial Statements for Parent Company

Periods ending 12/31/18 & 12/31/19

(See attached)

Also here is a link to the DEC website for all of the parent Company's financial data

<https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000015615&owner=exclude&count=40>

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___

Commission File Number 001-08106


MasTec, Inc.

(Exact name of registrant as specified in its charter)

Florida

*(State or other jurisdiction of
incorporation or organization)*

65-0829355

*(I.R.S. Employer
Identification No.)*

800 S. Douglas Road, 12th Floor

Coral Gables, Florida

(Address of principal executive offices)

33134

(Zip Code)

(305) 599-1800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading symbol(s)

Name of each exchange on which registered

Common Stock, \$0.10 Par Value

MTZ

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ☐ No ☒

The aggregate market value of the registrant's outstanding common stock held by non-affiliates of the registrant computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$3.1 billion, based on the closing price per share for the registrant's common stock on the New York Stock Exchange on June 28, 2019.

There were 76,584,117 shares of common stock outstanding as of February 24, 2020.

The registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A for the 2020 annual meeting of shareholders is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

TABLE OF CONTENTS

	Page
<u>Part I</u>	<u>5</u>
<u>Item 1</u> <u>Business</u>	<u>5</u>
<u>Item 1A</u> <u>Risk Factors</u>	<u>13</u>
<u>Item 1B</u> <u>Unresolved Staff Comments</u>	<u>24</u>
<u>Item 2</u> <u>Properties</u>	<u>24</u>
<u>Item 3</u> <u>Legal Proceedings</u>	<u>24</u>
<u>Item 4</u> <u>Mine Safety Disclosures</u>	<u>25</u>
<u>Part II</u>	<u>25</u>
<u>Item 5</u> <u>Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities</u>	<u>25</u>
<u>Item 6</u> <u>Selected Financial Data</u>	<u>26</u>
<u>Item 7</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 7A</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>41</u>
<u>Item 8</u> <u>Financial Statements and Supplementary Data</u>	<u>42</u>
<u>Item 9</u> <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>87</u>
<u>Item 9A</u> <u>Controls and Procedures</u>	<u>87</u>
<u>Item 9B</u> <u>Other Information</u>	<u>89</u>
<u>Part III</u>	<u>89</u>
<u>Item 10</u> <u>Directors, Executive Officers and Corporate Governance</u>	<u>89</u>
<u>Item 11</u> <u>Executive Compensation</u>	<u>89</u>
<u>Item 12</u> <u>Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters</u>	<u>89</u>
<u>Item 13</u> <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>89</u>
<u>Item 14</u> <u>Principal Accounting Fees and Services</u>	<u>89</u>
<u>Part IV</u>	<u>89</u>
<u>Item 15</u> <u>Exhibits and Financial Statement Schedules</u>	<u>90</u>
<u>Item 16</u> <u>Form 10-K Summary</u>	<u>92</u>
<u>Signatures</u>	<u>94</u>

Cautionary Statement Regarding Forward-Looking Statements

The Company is making this statement pursuant to the safe harbor provisions for forward-looking statements described in the Private Securities Litigation Reform Act of 1995. We make statements in this Annual Report on Form 10-K ("this Form 10-K" or this "Annual Report") and in the documents that we incorporate by reference into this Annual Report that are forward-looking. When used in this Annual Report or in any other presentation, statements which are not historical in nature, including the words "anticipate," "estimate," "could," "should," "may," "might," "plan," "seek," "expect," "believe," "intend," "target," "will," "project," "forecast," "continue" and variations of these words and negatives thereof and similar expressions are intended to identify forward-looking statements. They also include statements regarding:

- our future growth and profitability;
- our competitive strengths; and
- our business strategy and the trends we anticipate in the industries and economies in which we operate.

These forward-looking statements are based on our current expectations. These statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Important factors that could cause actual results to differ materially from those in forward-looking statements include:

- market conditions, technological developments, regulatory changes or other governmental policy uncertainty that affects us or our customers' industries;
- the effect on demand for our services of changes in the amount of capital expenditures by our customers due to, among other things, economic conditions, including potential adverse effects of public health issues, such as the coronavirus outbreak on economic activity generally, commodity price fluctuations, the availability and cost of financing, and customer consolidation in the industries we serve;
- activity in the oil and gas, utility and power generation industries and the impact on our customers' expenditure levels caused by fluctuations in prices of oil, natural gas, electricity and other energy sources;
- our ability to manage projects effectively and in accordance with our estimates, as well as our ability to accurately estimate the costs associated with our fixed price and other contracts, including any material changes in estimates for completion of projects and estimates of the recoverability of change orders;
- the timing and extent of fluctuations in operational, geographic and weather factors affecting our customers, projects and the industries in which we operate;
- the highly competitive nature of our industry and the ability of our customers, including our largest customers, to terminate or reduce the amount of work, or in some cases, the prices paid for services, on short or no notice under our contracts, and/or customer disputes related to our performance of services and the resolution of unapproved change orders;
- risks related to completed or potential acquisitions, including our ability to identify suitable acquisition or strategic investment opportunities, to integrate acquired businesses within expected timeframes and to achieve the revenue, cost savings and earnings levels from such acquisitions at or above the levels projected, including the risk of potential asset impairment charges and write-downs of goodwill;
- our dependence on a limited number of customers and our ability to replace non-recurring projects with new projects;
- risks associated with potential environmental issues and other hazards from our operations;
- disputes with, or failures of, our subcontractors to deliver agreed-upon supplies or services in a timely fashion, and the risk of being required to pay our subcontractors even if our customers do not pay us;
- risks related to our strategic arrangements, including our equity investments;
- any exposure resulting from system or information technology interruptions or data security breaches;
- any material changes in estimates for legal costs or case settlements or adverse determinations on any claim, lawsuit or proceeding;
- the effect of state and federal regulatory initiatives, including costs of compliance with existing and potential future safety and environmental requirements, including with respect to climate change;
- the effect of federal, local, state, foreign or tax legislation and other regulations affecting the industries we serve and related projects and expenditures;
- the adequacy of our insurance, legal and other reserves;
- the outcome of our plans for future operations, growth and services, including business development efforts, backlog, acquisitions and dispositions;
- our ability to maintain a workforce based upon current and anticipated workloads;
- our ability to attract and retain qualified personnel, key management and skilled employees, including from acquired businesses, and our ability to enforce any noncompetition agreements;
- fluctuations in fuel, maintenance, materials, labor and other costs;

- risks related to our operations that employ a unionized workforce, including labor availability, productivity and relations, as well as risks associated with multiemployer union pension plans, including underfunding and withdrawal liabilities;
- risks associated with operating in or expanding into additional international markets, including risks from fluctuations in foreign currencies, foreign labor and general business conditions and risks from failure to comply with laws applicable to our foreign activities and/or governmental policy uncertainty;
- restrictions imposed by our credit facility, senior notes and any future loans or securities;
- our ability to obtain performance and surety bonds;
- a small number of our existing shareholders have the ability to influence major corporate decisions;
- risks associated with volatility of our stock price or any dilution or stock price volatility that shareholders may experience in connection with shares we may issue as consideration for earn-out obligations or as purchase consideration in connection with past or future acquisitions, or as a result of other stock issuances; and
- other factors referenced in this Annual Report, including, without limitation, under Item 1. "Business," Item 1A. "Risk Factors," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors detailed from time to time in the reports and other filings we make with the Securities and Exchange Commission (the "SEC").

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in, or imply by, any of our forward-looking statements. These and other risks are detailed in this Form 10-K, in the documents that we incorporate by reference into this Form 10-K and in other documents that we file with the SEC. We do not undertake any obligation to publicly update or revise these forward-looking statements after the date of this Form 10-K to reflect future events or circumstances, except as required by applicable law. We qualify any and all of our forward-looking statements by these cautionary factors.

PART I

ITEM 1. BUSINESS

We are a leading infrastructure construction company operating mainly throughout North America across a range of industries. Our primary activities include the engineering, building, installation, maintenance and upgrade of communications, energy, utility and other infrastructure, such as: wireless, wireline/fiber and customer fulfillment activities; petroleum and natural gas pipeline infrastructure; electrical utility transmission and distribution; power generation, including renewables; heavy civil; and industrial infrastructure. Our customers are primarily in these industries. Including our predecessor companies, we have been in business for 90 years. For the twelve month period ended December 31, 2019, we had an average of approximately 21,000 employees and 350 locations. We offer our services primarily under the MasTec service mark. We have been consistently ranked among the top specialty contractors by Engineering News-Record for the past several years.

We provide our services to a diversified base of customers. We often provide services under master service and other service agreements, which are generally multi-year agreements. The remainder of our work is generated pursuant to contracts for specific projects or jobs that require the construction or installation of an entire infrastructure system or specified units within an infrastructure system.

We seek to grow and diversify our business organically and through acquisitions and/or other strategic arrangements in order to deepen our market presence, broaden our geographic reach and expand our service offerings. For discussion of our recent acquisitions, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business," which is incorporated by reference.

We manage our operations under five operating segments, which represent our five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. This structure is generally focused on broad end-user markets for our labor-based construction services.

The Communications segment performs engineering, construction, maintenance and customer fulfillment activities related to communications infrastructure, primarily for wireless and wireline/fiber communications and install-to-the-home customers, and, to a lesser extent, infrastructure for utilities, among others. We perform engineering, construction and maintenance services for oil and natural gas pipelines and processing facilities for the energy and utilities industries through our Oil and Gas segment. Our Electrical Transmission segment primarily serves the energy and utility industries through the engineering, construction and maintenance of electrical transmission lines and substations. Our Power Generation and Industrial segment primarily serves energy, utility and other end-markets through the installation and construction of power facilities, including from renewable sources, related electrical transmission infrastructure, ethanol/biofuel facilities and various types of heavy civil and industrial infrastructure. The Other segment includes equity investees, the services of which vary from those provided by our primary segments, as well as other small business units that perform construction and other services for a variety of international end-markets. See Note 13 - Segments and Related Information and Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which are incorporated by reference, for segment related information and significant customer concentrations.

In this Form 10-K, "\$" means U.S. dollars unless otherwise indicated.

Industry Trends

Our industry is composed of national, regional and local companies that provide services to customers in a range of industries. We believe the following industry trends affect demand for our services:

Opportunities in our Communications Segment

Significant advances in technology and rapid innovation in service offerings to data consumers continue to increase demand for faster and more reliable wireless and wireline/fiber communications network services. In its February 2020 Annual Internet Report, 2018-2023, Cisco Systems, Inc. ("Cisco") predicts that broadband connection speeds in North America will more than double by 2023, from approximately 55 Mbps to over 140 Mbps. As a result of increased usage of mobile devices, combined with advancements in the "Internet of Things (IoT)," the amount of data affecting network traffic is expected to experience significant and accelerating levels of future growth. Increased data usage from video and voice transmission, digital video and music streaming, 'smart' television technology, home automation and connected home monitoring offerings, 'Smart City' initiatives, artificial intelligence, augmented and virtual reality and other advanced data services, including machine-to-machine connections, such as autonomous vehicles, video surveillance, robotics, drones, 'smart' meters and digital health monitors, among others, are expected to significantly increase data traffic, resulting in the need for new and upgraded networks.

In response to these growing demands, communications service providers ("CSPs") are expanding, densifying and optimizing current wireless and wireline/fiber communications network capacity, while initiating a build-out of 5G infrastructure, the next generation of wireless and fixed wireless network capacity. An August 2019 Gartner, Inc. forecast indicates that to achieve nationwide coverage levels, changes to the structure of the network architecture for 5G wireless communications will require a longer period of installation when compared to past generation changes in wireless infrastructure. In order to maintain performance standards as 5G is built-out, CSPs will need to undertake targeted strategic improvements to their 4G legacy networks by upgrading 4G core infrastructure alongside 5G deployment areas. Cisco, in its Annual Internet Report, predicts that 5G devices and connections will be over 10 percent of global mobile devices and connections by 2023. Large scale 5G deployments, which are expected over the next several years, will include additional and improved tower capacity, as well as deployment of numerous higher bandwidth small/micro cells and distributed antenna systems to densify network performance. In addition, nationwide fiber projects in support of 5G technologies, such as Verizon Communications, Inc.'s ("Verizon") 'One Fiber' program, continue to expand to support network densification, data capacity and speed. Also, AT&T is continuing to build the First Responder Network Authority ("FirstNet™"), a new wireless official public safety network created by the federal government for first responders throughout the United States. Further, proposed industry merger activity, which is in the process of final approval and expected to be completed in 2020, will merge two nationwide CSPs, and is expected to result in the creation of a new nationwide CSP.

We believe that the initiation of nationwide 5G tower deployments, deployment of small/micro cells, initiation of fiber projects to support 5G, initial deployment and subsequent capacity additions to FirstNet™, as well as an expected increase in activity levels for various nationwide CSPs subsequent to expected industry merger activity, will lead to significant increases in 5G telecommunications capital expenditures over multiple years.

One industry publication anticipates that up to an estimated \$250 billion will be invested in 5G technologies over the next decade, and another industry publication predicts that the United States will require up to an estimated \$150 billion of fiber infrastructure investment over the next five to seven years to support the increases in projected mobile data traffic and related broadband infrastructure needs. Furthermore, in 2018, the Federal Communications Commission ("FCC") announced an initiative to speed deployment of 5G technology in the U.S. through the Facilitate America's Superiority in 5G Technology, or "FAST" Plan. The FAST Plan is designed to make more low, mid and high-band spectrum available to the market and encourage additional investment in 5G wireless infrastructure by streamlining regulatory processes and updating infrastructure policies to speed the review of small cell infrastructure. During 2019, the FCC completed its first set of high-band airwaves auctions to make spectrum available for 5G wireless, IoT and other advanced spectrum-based services. Additionally, in 2018, the FCC made additional funds available for the deployment of high-speed broadband technology under the Connect America Fund ("CAF") program, which was designed to improve the quality and expand the availability of high-speed internet service in rural areas. In addition, in January 2020, the FCC announced its Rural Digital Opportunity Fund, which will push out over \$20 billion in funding over the next 10 years to build and connect gigabit broadband speeds in unserved rural areas and is a follow-up initiative to the CAF program.

The market for Smart City initiatives, in which cities use IoT technologies to collect and use insights gained from data to manage city assets, resources and services more efficiently, is a developing trend that is expected to accelerate due to the combination of increased data speeds and data capacity capabilities of wireless and wireline networks and developing IoT applications. To address the expected escalating demands for resources of so many residents living, working, driving and interacting with each other, cities are looking at ways to become 'smarter' and more efficient in responding to these needs, including through Smart City initiatives to address and improve traffic flow, public safety and energy efficiency. According to a recent article by Forbes Magazine, an estimated two-thirds of cities globally are investing in Smart City technologies, with spending projected to reach \$135 billion in 2021 for IoT technologies such as smart utility meters, intelligent traffic signals, e-government applications, Wi-Fi kiosks and radio frequency identification sensors in the pavement. We believe that opportunities for installation and maintenance of both Smart City and smart home technologies will over time provide our install-to-the-home group opportunities for future growth, providing an offset to declining trends in subscribership for satellite TV.

We believe that we are well-positioned, as one of the largest providers of communications infrastructure services, to substantially benefit from the expected multi-year significant and broad opportunities in the telecommunications market as previously described.

Opportunities in our Oil and Gas Segment

We are one of the largest pipeline contractors in North America, with a balanced portfolio of service offerings, including union and non-union services, for the construction and maintenance of large diameter ("long-haul") pipeline, midstream pipeline, gathering lines and related compressor and pumping stations and treatment plants. Demand for pipeline infrastructure and the related level of oil, natural gas and product pipeline construction activity has grown significantly in recent years as technological advances and increasingly cost-effective drilling, completion and production have significantly increased producible North American oil and natural gas reserves. Technological advances in 3D seismic imaging, digitization and data analysis have led to significant improvements in the identification of oil and natural gas reserves as well as the precision with which drilling operations can be performed, lowering the cost of production and maximizing output.

The effect of these advances on oil and gas production activities in North America has also driven changes in the geographic locations of North American energy production. The increase in oil and natural gas production across multiple basins, such as the Permian, Bakken and Marcellus/Utica basins, has led the industry to initiate actions to address 'takeaway' capacity issues, whereby more pipeline infrastructure is required to move production to market. As a result, construction of additional pipeline capacity across multiple basins and throughout the U.S. is underway and in plans for future development to improve available distribution and reduce transportation costs.

According to the Department of Energy's ("DOE") Short-Term Energy Outlook 2020, the U.S., which was already a net exporter of natural gas, also became a net exporter of oil for the first time since the early twentieth century. In October 2019, Enverus Drillinginfo predicted that oil production in the Permian Basin, which accounts for approximately 35% of all U.S. oil production, will increase four-fold, from 4.3 million barrels/day to 17.3 million barrels/day over the next ten years. These trends have driven oil and natural gas pipeline construction in recent years and are expected to continue. Additionally, industry reporting indicates that the abundance of low-cost North American natural gas will continue to drive growth of natural gas as a source of lower-carbon power generation, both in the U.S. and abroad. According to the DOE's Annual Energy Outlook 2020, U.S. natural gas continued to surpass coal and hydroelectric power as the leading fuel type for electric power generation in 2019, and the U.S. continues to produce historically high levels of natural gas and crude oil. Additionally, in recent years, demand for liquified natural gas ("LNG") exports has risen dramatically, driven in part by the easing of certain export regulations, which is expected to drive construction of pipeline infrastructure for the transport of LNG to coastal export facilities in North America.

These trends are expected to continue to drive demand for North American oil and gas production, creating opportunities for new pipeline infrastructure throughout. Significant investment in pipeline infrastructure will be required to move the increased volumes of oil and gas production to refining centers, distribution hubs, LNG export facilities and industrial users throughout North America, as well as to meet demand resulting from the desire to convert the transportation of oil and gas from traditional methods, such as truck and rail transport, to lower cost and safer pipeline infrastructure. In its August 2019 Oil & Gas Pipeline Construction in the US report, IBISWorld predicts that capital expenditures by energy producers for pipeline infrastructure in the U.S. will grow at an annualized rate of 1.6% over the next five years to almost \$70 billion. In addition to potential opportunities in the U.S., initiatives in Mexico are expected to provide long-term growth opportunities. According to the Pipeline & Gas Journal's 2020 Global Pipeline Construction Outlook, there were approximately 32,000 miles of new and planned pipeline projects within North America at the end of 2019. We anticipate that demand for pipeline infrastructure in North America will provide continued opportunities for years to come, and that our diverse capabilities and expertise will enable us to continue to be a leading service provider in this market. We also believe that future opportunities exist for

upgrades to existing pipeline infrastructure, including pipeline integrity and maintenance upgrades, replacement and modernization efforts, including digitization and other technology upgrades and upgrades to address safety regulations.

We believe that the above-mentioned trends will support continued levels of project activity, continuing a multi-year cycle of demand for pipeline construction projects, and that we are well-positioned to benefit from these trends.

Opportunities in our Electrical Transmission Segment

The U.S. electrical transmission and distribution infrastructure (the “grid”), comprising a network of electricity generation, high voltage transmission lines, substations and distribution lines that bring power to homes and businesses, will continue to require significant ongoing maintenance, upgrade and expansion to continue delivery of reliable and affordable power, as well as to address future grid resiliency and changing energy supply and distribution requirements. Increased investment in electrical infrastructure will be required to address increasing demand, modernize the grid and strengthen aging infrastructure. According to a May 2019 S&P Global Market Intelligence report, electric transmission and distribution infrastructure capital expenditures were projected to exceed \$50 billion in 2019, driven by the need to upgrade aging infrastructure, digitize, and secure the grid against natural and man-made disasters, including storms, hurricanes and wildfires as well as potential cyber attacks. Increasing levels of disruption from natural disasters, such as hurricanes and wildfires continue a pattern that is expected to lead to required incremental future investment in transmission and distribution systems by utility companies. In addition, clean energy production trends are expected to lead to additional electric infrastructure investment, with shifting trends in power generation to cleaner energy sources, such as natural gas and renewables, while older power plants, including coal-fired and nuclear plants are retired or repurposed.

According to the DOE’s Annual Energy Outlook 2020, the percentage of electricity generated by renewable sources is expected to double to almost 40% by 2050. Future demand for electrical transmission and distribution infrastructure is also expected to result from grid resiliency efforts, technological advances, digitization, expected growth in usage of electric/hybrid vehicles, Smart City initiatives and the continued development of electrical power generation from renewable power sources, among others. The expected growth in demand for, and deployment of, electrical power generation from renewable energy sources will require significant investment in transmission lines, as wind and solar power generation resources are typically located in remote areas of the country, far from industrial users and major population centers. Growth in electrical power generation from renewable sources in the U.S. will require the grid to be updated. Transmission lines will be required to connect the power generated from renewable energy sources to the grid and infrastructure will be required to provide for grid-scale storage of electricity from renewable energy sources, as well as to provide grid flexibility that can accommodate the related supply and demand for these new energy sources.

According to the DOE’s Annual Energy Outlook 2020, almost 650 net gigawatts of new electricity generating capacity are expected to be added in the U.S. through 2050, requiring significant investment in transmission and distribution by electric utility companies. We believe significant capital investment in the transmission and distribution system will continue to be required to meet the above-mentioned needs, and that we are well-positioned to benefit from these trends.

Opportunities in our Power Generation and Industrial Segment

Growing concerns with climate change, the desire to reduce greenhouse gas emissions and growing corporate initiatives for smaller, standalone distributed generation facilities, together with certain regulatory and other policy initiatives at the federal, state and municipal levels, have spurred demand for ‘clean’ energy production from sustainable power sources, including environmentally sensitive electrical power production from renewable sources such as wind, solar and biomass. Currently, almost 40 states, as well as the District of Columbia and four territories, have adopted renewable portfolio standards (“RPS”) or renewable energy goals. States have created these standards to diversify their energy resources, promote domestic energy production and encourage economic development. Renewable energy policies have helped to drive the U.S. market for wind, solar and other renewable energy sources. According to a January 2020 publication by BloombergNEF, U.S. investment in renewable energy capacity approximated \$55 billion in 2019, an increase of almost 30% from 2018 levels. In addition, growing efforts to address electric grid resiliency are expected to drive growth in renewables, as utilities and their customers increasingly consider renewable microgrids combined with energy storage solutions to support critical facilities.

The DOE’s Annual Energy Outlook 2020 projects that almost 120 gigawatts of new wind and solar capacity will be added from 2020 to 2023 and predicts that renewable power generation will exceed that of natural gas-fired generation after 2045, contributing almost 40% of U.S. power generation capacity by 2050. Advancing technologies and improvements in cost and scalability of renewable energy projects are making these energy sources, particularly solar power projects, increasingly competitive. As a result, we expect these trends will continue to drive demand for construction of renewable infrastructure in the coming years. According to a January 2020 report by IHS Markit, U.S. solar installations are expected to grow 20% in 2020, and the DOE’s Annual Energy Outlook 2020 projects continued growth in new generating capacity from solar installations through 2050 due to declining costs for solar photovoltaic (PV) panels. In addition, we believe that replacement and repowering of existing wind turbines and foundations with next generation, higher efficiency turbines, as well as maintenance of aging wind farms, will provide increased opportunities for wind infrastructure projects.

Investment in the renewable energy industry is partially dependent on federal and state tax incentives. Currently, there are certain federal tax incentives applicable to renewable energy projects, which are expected to be phased out beginning in 2021. In order to qualify for these tax credits, construction must begin before the end of 2020 and the project must be placed in service prior to the end of 2024. Notwithstanding the potential phase-out of these tax incentives, the continued and increasing trends towards renewable portfolio standards, coupled with growing corporate initiatives to reduce greenhouse gas emissions, are expected to continue to drive growth in renewable energy projects. In addition, due to recent cost declines and improved efficiencies, a recent article by BloombergNEF indicates that wind and solar energy projects are becoming competitive with traditional energy sources. See Item 1A. “Risk Factors - The renewable energy industry is reliant on tax incentives, the availability of which may be uncertain and could adversely affect demand for our services.”

Additionally, industrial plant construction opportunities exist in a wide variety of industries, including in the renewable energy industry, as power companies explore ways to reduce their carbon footprint. The low price and environmental advantage of cleaner burning natural gas is expected to continue to drive demand for gas-fired electrical generating plants and conversions of coal-fired power plants to natural gas. A wide variety of

industries may seek to expand, convert or construct new plants to take advantage of this economical, cleaner, lower cost and lower carbon fuel source. Biofuel and biomass as alternative fuel sources also present opportunities for the renewable energy market. Industrial facilities and power plants in the biofuels/biomass, food processing, natural gas, petroleum and related industries present opportunities as additional domestic energy reserves are produced, transported and processed.

We are one of the leading renewables contractors in North America, with expertise in wind, solar and biomass, as well as industrial and other power plant construction, and expect to benefit from these market trends.

Competitive Strengths

Our competitive strengths include:

Diverse Customer Relationships. We serve a diversified customer and industry base. Our customers include some of the largest communications, utility and power companies in North America, among others. We have longstanding relationships and have developed strong alliances with many of our customers, and we strive to maintain these customer relationships and our status as a preferred vendor to our customers.

Reputation for Reliable Customer Service and Technical Expertise. We have established a reputation for quality customer service and technical expertise. Our reputation gives us an advantage when competing for new work, both from existing and potential customers. In addition, we have broad capabilities and expertise in a wide variety of service offerings, including wireless, wireline/fiber and customer fulfillment activities, pipeline, electrical utility, power generation, including renewables, heavy civil and industrial infrastructure.

North American Footprint. Including our predecessor companies, we have been in business for 90 years and are one of the largest companies in the infrastructure construction services industry, with approximately 350 locations and an average of 21,000 employees for the twelve month period ended December 31, 2019, operating throughout North America, primarily in the United States and Canada, and, to a lesser extent, in Mexico and the Caribbean. We offer comprehensive end-to-end infrastructure services to our customers and believe that our experience, technical expertise, geographic reach, financial resources and size are important to our customers.

Ability to Respond Quickly and Effectively. The skills required to serve our end-markets are similar, which allows us to utilize qualified personnel across multiple end-markets and projects. We are able to respond quickly and effectively to industry and technological changes, demand and major weather events by allocating our employees, fleet and other assets as and where they are needed, enabling us to provide cost-effective and timely services for our customers.

Experienced Management Team. Our management team plays a significant role in establishing and maintaining long-term relationships with our customers, supporting the growth of our business, integrating acquired businesses and managing the financial aspects of our operations. Our executive management team, business unit presidents and project management teams have broad industry experience and a deep understanding of our customers and their requirements. Key management personnel of acquired businesses generally continue to work for us under employment or services agreements.

Sustainability

As a leading infrastructure construction services provider, we are committed to conducting our operations in a responsible manner that benefits our stakeholders, including employees, customers, subcontractors, suppliers, investors and the communities in which we operate. Sustainability principles and practices are embedded within our strategy, risk management and day-to-day operations. We strive to be recognized as a company that achieves customer expectations safely, profitably and in a manner that is environmentally responsible, socially aware and rewarding for our stakeholders, including our employees, customers, subcontractors, suppliers, investors and the communities in which we operate. We strive to achieve these goals through an organizational structure that provides excellent service delivery; establishes a reputation of integrity within the communities in which we work; and provides our team members growth opportunities in an injury-free environment.

We seek to develop an inclusive, diverse workplace focused on delivering high quality construction, installation and maintenance services through safe and ethical business practices. We are active in our local communities and participate in numerous charitable giving, community outreach and community building programs, as well as disaster relief efforts for communities affected by hurricanes, flooding and similar events.

We seek to align the interests of our Board of Directors and management with those of our shareholders and stakeholders. We believe that an independent, well-diversified Board makes us a better corporate citizen, and we have a Board with racial, ethnic, gender and skill diversity. We also believe that our separation of Chairman and CEO further enhances accountability and social responsibility. Our management team and our Board of Directors also have significant ownership in MasTec's common stock, which further aligns their interests with those of our other shareholders. We have detailed governance procedures, including an Audit Committee Charter, a Compensation Committee Charter and a Nominating, Sustainability and Corporate Governance Committee Charter, as well as a comprehensive Code of Business Conduct and Ethics and Board of Director Governance Principles, all of which can be viewed on the "Investors" page of our website at MasTec.com.

Through the services we provide, we help to modernize, connect and make our communities safer and more sustainable while helping to build our nation's infrastructure, including the development and expansion of our nation's renewable energy footprint. Investment in sustainable business opportunities is a key component of our business strategy for future growth, with selected examples highlighted below.

Renewables infrastructure. We are one of the largest renewables contractors in North America, having constructed a significant percentage of North America's wind farms. Our power generation and industrial group provides engineering, procurement and construction services and project management solutions to the power market, including for renewable energy power sources, such as wind, solar, biofuel, biomass, waste-to-energy (WtE) and biogas, cogeneration or combined heat and power projects and gas-fired power projects. We continue to invest in our renewable energy infrastructure business, which has grown significantly in the past few years to approximately 10% of our total business revenue for the year ended December 31, 2019. As interest in climate change solutions continues to increase, we anticipate continued strong growth opportunities in our renewables infrastructure business and will continue to invest in this area to support and nurture this growth.

Electrical transmission and distribution infrastructure. We build the infrastructure that connects our nation's power generation to consumers, including solutions to access new renewable and efficient natural gas generation sources. We also work with our customers to design and build innovative, smart energy solutions, including for the modernization of overstressed sections of the electric grid with insufficient capacity, and to upgrade aging electric infrastructure. Our projects improve the performance, safety, resiliency and efficiency of the nation's electrical grid and advance the goal of modern, smart energy solutions for our nation's future.

Communications infrastructure. We build wireless and wireline/fiber infrastructure that connects communities and improves communications infrastructure across our nation. Our projects incorporate cutting edge technological advances that improve speed, connectivity and bandwidth nationwide, including dense urban areas, and expand services into new areas, including rural communities. We are proud to be participating in the buildout of FirstNet™, the nation's first wireless official public safety network for first responders. We are also participating in the buildout of the nation's 5G telecommunications infrastructure, helping to revolutionize telecommunications technologies. The faster speeds and reduced latency associated with 5G will serve as the foundation for transformative technological innovations, including Smart City and urbanization projects and advances in connected technologies, such as connected cars, healthcare, industrial applications and entertainment.

Pipeline infrastructure. The state-of-the-art pipelines that we construct provide a lower carbon emission and environmentally safer transportation alternative for oil and gas products versus traditional truck and rail transport. Additionally, our natural gas pipeline construction services help our customers access and distribute cleaner burning natural gas throughout the United States, assisting in the transition from high carbon emission electricity sources to natural gas as a cleaner burning and lower carbon emission fuel source. In addition, our pipeline integrity and replacement services help promote environmental and public safety while enhancing the safety, productivity and life of our customers' assets.

Water pipelines. We recently invested in a water infrastructure company that specializes in energy drilling, completion and production technologies. Our water pipeline services increase the efficiency of water used in energy field operations in an environmentally focused manner. We build expansive water pipeline networks, which allow for the recycling of water, thereby reducing fresh water requirements as well as the amount of water disposed. Additionally, the use of water pipelines reduces truck traffic, resulting in lower carbon emissions.

Strategy

The key elements of our business strategy are as follows:

Focus on Growth Opportunities. We believe that our end-markets offer multiple growth opportunities, and we expect continued spending by key customers in many of the industries we serve. We expect development of wireless and wireline/fiber infrastructure; oil and natural gas pipeline infrastructure; expansion, maintenance and upgrades of electrical transmission capacity and the electrical distribution grid; development of power generation infrastructure, including renewables; and heavy civil and industrial infrastructure construction projects to be areas of investment and opportunity in the coming years. We intend to use our broad geographic presence, technical expertise, financial and operational resources, customer relationships and full range of services to capitalize on these trends and grow our business.

Operational Excellence. We seek to improve our profit margins and cash flows by focusing on services and projects that have high margin potential. We also strive to identify opportunities for leverage within our business, such as deploying resources across multiple customers and projects in order to enhance our operating effectiveness and utilization rates. We also seek to maintain strong working capital management practices. Our management team pursues actions and programs designed to achieve these goals, such as increasing accountability throughout our organization, effectively managing customer contract bidding procedures, evaluating opportunities to improve our working capital cycle time, hiring and retaining experienced operating and financial professionals, and developing, expanding and integrating the use of financial systems and information technology capabilities within our business.

Maintain Conservative Capital Structure. We evaluate our capital structure on an ongoing basis and have expanded our financial resources in recent years. We believe that we have sufficient capital resources to fund our planned operations. As of December 31, 2019, we had approximately \$0.9 billion of borrowing availability under our revolving credit facility, with aggregate borrowing commitments of \$1.75 billion under our senior secured credit facility and \$400 million of 4.875% senior notes due 2023. We may consider opportunities to borrow additional funds, or to refinance, repurchase or retire outstanding debt or repurchase shares as part of our ongoing capital structure evaluation. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Summary of Financial Condition, Liquidity and Capital Resources," for details pertaining to our debt instruments and share repurchase activities.

Leverage Core Performance and Expertise through Strategic Acquisitions and Other Arrangements. We may pursue selected acquisitions, investments and strategic arrangements that allow us to expand our operations, service offerings, customer base or geographic reach. We have diversified our business and expanded our service offerings and geographic footprint in recent years, both organically and through acquisition. In order to maximize their potential, our strategy is to integrate acquired businesses into our operations and internal control environment in a timely and efficient manner. We evaluate our business on a regular basis, and from time to time, we may divest certain businesses or assets, or curtail selected business activities or operations that do not produce adequate revenue or margin or that no longer fit within our long-term business strategy.

Services

Our core services are the engineering, building, installing, maintaining and upgrading of infrastructure, primarily for communications, oil and gas, utility and power generation customers. We provide similar services to each of these customers, including:

Build. We build infrastructure projects for customers across a range of industries. We specialize in building underground and overhead distribution systems, including trenches, conduits, cell towers, cable and power lines, which provide wireless and wireline/fiber communications; natural gas, crude oil and refined product transport pipelines; electrical power generation, transmission and distribution systems; power generation infrastructure, including renewable energy; heavy industrial plants; compressor and pump stations and treatment plants; water and sewer infrastructure, including water pipelines; and other civil construction infrastructure.

Install. We install electrical and other energy distribution and transmission systems, power generation facilities, buried and aerial fiber optic and other cables, satellite dishes, home automation and energy management solutions in a variety of environments for our customers. In connection with our installation work, we deploy and manage network connections that involve our customers' hardware, software and network equipment.

Maintain and Upgrade. We offer 24 hour/365 days-a-year maintenance and upgrade support to our customers. Our comprehensive service offerings include the regular maintenance of our customers' distribution facilities, networks and infrastructure, including natural gas and petroleum pipeline, communications, electrical distribution and transmission, power generation and heavy civil infrastructure. We also provide emergency services for accidents or storm damage. Our upgrade work ranges from routine replacements and upgrades to major overhauls.

Customers

We have longstanding relationships with many customers, and often provide services under master service and other service agreements, which are generally multi-year agreements. Our master service agreements are typically exclusive up to a specified dollar amount per work order for each defined geographic area, but do not obligate our customers to undertake any infrastructure projects or other work with us. Work performed under master service and other service agreements is usually generated through work orders, each of which is performed for a fixed fee. Services provided under these agreements range from engineering, project management and installation work to maintenance and upgrade services. Master service and other service agreements are frequently awarded on a competitive bidding basis, although customers are sometimes willing to negotiate contract extensions beyond their original terms without re-bidding. Our master service and other service agreements have various terms, depending upon the nature of the services provided, and typically provide for termination on short or no advance notice. For the years ended December 31, 2019, 2018 and 2017, 36%, 35% and 36%, respectively, of our revenue was derived from projects performed under master service and other service agreements.

The remainder of our work is generated pursuant to contracts for specific projects or jobs requiring the construction and installation of an entire infrastructure system or specified units within an entire infrastructure system. Customers are billed with varying frequency, the timing of which is generally dependent upon advance billing terms, milestone billings based on completion of certain phases of the work, or when services are provided. Under the typical payment terms of master and other service agreements and contracts for specific projects, the customer makes progress payments based on quantifiable measures of performance as defined in the agreements. Some of our contracts include retainage provisions, under which a portion of the contract amount (generally, from 5% to 10% of billings) can be retained by the customer until final contract settlement.

We believe that our industry experience, technical expertise and reputation for customer service, as well as the relationships developed between our customers and our senior management and project management teams are important to our being retained by our customers. See Note 13 - Segments and Related Information and Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which are incorporated by reference, for customer concentration information.

Backlog

Estimated backlog represents the amount of revenue we expect to realize over the next 18 months from future work on uncompleted construction contracts, including new contracts under which work has not begun, as well as revenue from change orders and renewal options. Our estimated backlog also includes amounts under master service and other service agreements and includes our proportionate share of estimated revenue from proportionately consolidated non-controlled contractual joint ventures. Estimated backlog for work under master service and other service agreements is determined based on historical trends, anticipated seasonal impacts, experience from similar projects and estimates of customer demand based on communications with our customers. We expect to realize approximately 80% of our estimated year end 2019 backlog in 2020. The following table presents 18-month estimated backlog by reportable segment, as of the dates indicated:

Reportable Segment (in millions):	December 31, 2019	September 30, 2019	December 31, 2018
Communications	\$ 4,228	\$ 3,968	\$ 4,276
Oil and Gas	1,929	2,109	2,125
Electrical Transmission	512	457	610
Power Generation and Industrial	1,289	988	678
Other	1	1	1
Estimated 18-month backlog	\$ 7,959	\$ 7,523	\$ 7,690

Approximately half of our backlog as of December 31, 2019 is attributable to amounts under master service or other service agreements, pursuant to which our customers are not contractually committed to purchase a minimum amount of services. Most of these agreements can be canceled on short or no advance notice. Timing of revenue for construction and installation projects included in our backlog can be subject to change as a result of customer delays or cancellations, regulatory or other delays and/or other project-related factors. These changes could cause estimated revenue to be realized in periods later than originally expected, or not at all. We occasionally experience postponements, cancellations and reductions in expected future work from master service agreements and/or construction projects due to changes in our customers' spending plans, market volatility, regulatory delays and/or other factors. There can be no assurance as to our customers' requirements or the accuracy of our estimates. As a result, our backlog as of any particular date is an uncertain indicator of future revenue and earnings.

Backlog is not a term recognized under accounting principles generally accepted in the United States ("U.S. GAAP"); however, it is a common measurement used in our industry. Our methodology for determining backlog may not, however, be comparable to the methodologies used by others. Backlog differs from the amount of our remaining performance obligations, which are described in Note 1 - Business, Basis of Presentation and Significant Accounting Policies in the notes to the audited consolidated financial statements, which is incorporated by reference. As of December 31, 2019, total 18-month backlog differed from the amount of our remaining performance obligations due primarily to the inclusion of \$3.0 billion of estimates of future revenue under master service and other service agreements within our backlog estimates, as described above, and the exclusion of approximately

\$0.3 billion of remaining performance obligations in excess of 18 months, which amount is not included in the backlog estimates above. Backlog expected to be realized in 2020 differed from the amount of remaining performance obligations expected to be recognized for the same period due primarily to the inclusion of approximately \$1.7 billion of estimates of future revenue under master service and other service agreements that is included within the related backlog estimate.

Sales and Marketing

Our customers increasingly require resources from multiple disciplines. Therefore, our subsidiary services companies market their services not only individually, but also in combination with other companies, including other MasTec companies and independent companies, to provide what we believe are the most efficient and effective solutions to meet our customers' demands. Through our unified MasTec® brand and an integrated organizational structure designed to permit rapid deployment of labor, equipment and materials, we are able to quickly and efficiently allocate resources to meet customer needs. We offer services that are branded under the MasTec® service mark and other service marks.

We have developed a marketing plan emphasizing the MasTec® registered service mark and trade names of certain acquired companies, as well as an integrated service offering to position ourselves as a provider of a full range of service solutions, providing services including installation as well as sophisticated engineering, design and integration. We believe our longstanding relationships with customers and our reputation for reliability and efficiency facilitate our recurring business. Our marketing efforts are principally carried out by the management of our business units and project groups in coordination with our corporate business development organization. Our management team has many years of industry experience, both at the service provider level, and in some cases, with the customers we serve. Our business unit and project group managers market directly to existing and potential customers for new contracts and also seek our inclusion on lists of vendors invited to submit proposals for service agreements and individual projects. We also market our services in conjunction with certain business partners, strategic investments and arrangements. Our executive management supplements these efforts at the national and international level.

Safety and Insurance/Risk Management

We strive to instill and enforce safe work habits in our employees, and we require that our employees participate in training programs relevant to their employment, including all those required by law. We evaluate employees in part based upon their safety records and the safety records of the employees they supervise. Our business units have established robust safety programs to monitor and improve compliance with safety procedures and regulations. We also provide company-wide training where appropriate, including for information technology and cyber security as well as for workplace and employee awareness programs.

Our business involves the use of heavy equipment and exposure to potentially dangerous workplace conditions. While we are committed to operating safely and prudently, we are subject to claims by employees, customers and third parties for property damage and personal injuries that occur in connection with our work. Our insurance policies are subject to high deductibles and we are self-insured up to the amount of the deductible. We maintain insurance policies for workers' compensation, general liability and automobile liability that are subject to per claim deductibles. We also maintain excess umbrella coverage and an insurance policy with respect to employee group medical claims, which is subject to annual per employee maximum losses. We are required to post collateral to certain of our insurance carriers, generally in the form of letters of credit, surety bonds and cash. See Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which is incorporated by reference.

Suppliers, Materials and Working Capital

Under many of our contracts, our customers provide the necessary materials and supplies for projects and we are responsible for the installation of, but not the cost or warranty of those materials. Under certain other projects, we purchase the necessary materials and supplies on behalf of our customers from third-party providers. We are not dependent on any one vendor and have not experienced significant difficulty in obtaining project-related materials or supplies as and when required for the projects we manage.

We utilize independent contractors to assist on projects and to help us manage our work flow. Our independent contractors typically provide their own vehicles, tools and insurance coverage. We are not dependent on any one independent contractor. We need working capital to support seasonal variations in our business, including the spending patterns of our customers and the effects of weather conditions on external construction and maintenance work, both of which can influence the timing of spending to support related customer demand. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources - Working Capital," which is incorporated by reference.

Competition

Our industry is highly competitive and highly fragmented. We compete with a number of companies in the markets in which we operate, ranging from small local independent companies to large national firms, including Quanta Services, Inc., MYR Group, Inc., Dycom Industries, Inc., Jacobs Engineering Group Inc., Primoris Services Corporation, Pike Electric, Inc., Bechtel Corporation, D.H. Blattner & Sons, Inc., M.A. Mortenson Company, Black & Veatch and Nexius.

Certain barriers to entry exist in the markets in which we operate, including adequate financial resources, technical expertise, high safety ratings and a proven track record of operational success. Some of our customers employ their own personnel to perform infrastructure services of the type we provide. We compete based upon our industry experience, technical expertise, financial and operational resources, geographic presence, industry reputation, safety record and reputation for customer service. While we believe our customers consider a number of factors when selecting a service provider, they award most of their work through a bid process, and price is often a principal factor in determining which service provider is selected.

Regulation, Environmental and Climate Change Matters

We are subject to state and federal laws that apply to businesses generally, including laws and regulations related to labor relations, wages, worker safety and environmental protection. While many of our customers operate in regulated industries (for example, utilities regulated by the public

service commission or communications companies regulated by the Federal Communications Commission ("FCC"), we are not generally subject to such regulation and oversight.

As a contractor, our operations are subject to various laws, including:

- regulations related to worker safety and health, including those established by the Occupational Safety and Health Administration ("OSHA") and state equivalents;
- regulations related to vehicle registrations, including those of the states and the U.S. Department of Transportation ("DOT");
- contractor licensing requirements;
- permitting and inspection requirements; and
- building and electrical codes.

We are also subject to numerous environmental laws, regulations and programs, including the handling, transportation and disposal of non-hazardous and hazardous substances and wastes, laws governing emissions and discharges into the environment, including discharges into air, surface water, groundwater and soil, and programs related to the protection of endangered species.

We have a substantial investment in construction equipment that utilizes fuel. Any changes in laws requiring us to use equipment that runs on alternative fuels could require a significant investment, which could have a material adverse effect on our results of operations, cash flows and liquidity.

We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, liabilities can be imposed for cleanup of properties, regardless of whether we directly caused the contamination or violated any law at the time of discharge or disposal. The presence of contamination from such substances or wastes could interfere with ongoing operations or adversely affect our business. In addition, we could be held liable for significant penalties and damages under certain environmental laws and regulations. Our contracts with customers may also impose liabilities on us regarding environmental issues that arise through the performance of our services. From time to time, we may incur costs and obligations related to environmental compliance and/or remediation matters.

We believe we have all material licenses and permits needed to conduct operations and that we are in material compliance with all applicable regulatory and environmental requirements. We could, however, incur significant liabilities if we fail to comply with such requirements.

The potential effects of climate change on our operations is highly uncertain. Climate change may result in, among other things, changes in rainfall patterns, storm patterns and intensities and temperature levels. Our operating results are significantly influenced by weather. Therefore, major changes in weather patterns could have a significant effect on our future operating results. For example, if climate change results in significantly more adverse weather conditions in a given period, we could experience reduced productivity, which could negatively affect our revenue and profitability. Climate change could also affect our customers and the projects that they award. Demand for power projects, underground pipelines or other projects could be negatively affected by significant changes in weather or from legislation or regulations governing climate change.

Financial Information About Geographic Areas

We operate throughout North America, primarily in the United States and Canada, and, to a lesser extent, in Mexico and the Caribbean. See Note 13 - Segments and Related Information in the notes to the audited consolidated financial statements, which is incorporated by reference.

Employees

For the twelve month period ended December 31, 2019, we had an average of approximately 21,000 employees, of which approximately 3,100 were represented by unions or were subject to collective bargaining agreements. The number of union employees employed at a given time, and the plans in which they participate, varies depending upon the location and number of ongoing projects and the need for union resources in connection with those projects.

We hire employees from a number of sources, including our industry, trade schools, colleges and universities. Our primary sources for employees include promotion from within, team member referrals, direct recruiting and various forms of advertising, including social media. We attract and retain employees by offering competitive salaries, technical training opportunities, bonus opportunities, stock ownership, employee incentive programs and a comprehensive benefits package. We believe that our team culture, along with our focus on employee training and career development helps us to attract and retain employees. Our employees participate in ongoing educational programs, many of which are internally developed, to enhance their technical and management skills through classroom and field training. We provide opportunities for promotion and mobility within our organization, which we also believe helps us to retain our employees. We believe we have good employee relations.

Available Information

A copy of this Form 10-K, as well as our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 are available free of charge on our website, www.mastec.com, as soon as reasonably practicable after we electronically file these reports with, or furnish these reports to, the SEC. Copies of our Board of Directors Governance Principles and Code of Business Conduct and Ethics, which applies to all of our directors, officers, including our principal executive, financial and accounting officers, and employees and includes additional criteria that are applicable to our Chief Executive Officer and senior financial officers, and the charters for each of our Audit, Compensation and Nominating and Corporate Governance Committees are also available on our website in the Investors section under the tab "Corporate Governance," or may be obtained by contacting our Vice President of Investor Relations by phone at (305) 406-1815, or by email at investor.relations@mastec.com. We intend to provide any amendments or waivers to our Code of Business Conduct and Ethics for any of our directors and senior officers on our website within four business days of any such amendment or waiver. The reference to our

website address does not constitute incorporation by reference of the information contained on the website and such information is not part of this report. Our reports filed with the SEC may be accessed at the SEC's website at www.sec.gov.

Use of our Website to Distribute Material Company Information

We use our website as a channel of distribution for important company information. We routinely post on our website important information, including press releases, investor presentations and financial information, which may be accessed by clicking on the Investors section of www.mastec.com. We also use our website to expedite public access to time-critical information regarding our company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations subpage of our website for important and time-critical information. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations subpage of our website.

ITEM 1A. RISK FACTORS

Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risks and uncertainties described below. Additional risks and uncertainties not known to us or not described below could also negatively affect our operations. If any of the risks described below, or other risks that are unknown to us were to occur, our business, financial condition, results of operations and cash flows could suffer, and/or the trading price of our common stock could decline. We also may not be able to achieve our goals or expectations. You should carefully consider the risks described below, together with all of the other information in this Form 10-K, including our Cautionary Statement Regarding Forward-Looking Statements described above.

Risks Related to Our Industry and Our Customers' Industries

Many of the industries we serve are subject to customer consolidation as well as rapid technological and regulatory changes. Our inability or failure to adjust to such changes could result in decreased demand for our services. Additionally, demand for construction services depends on industry activity and expenditure levels, which can be affected by a variety of factors, including changes in governmental regulations and policies.

We derive a substantial portion of our revenue from customers in industries that are subject to consolidation, rapid changes in technology, changing consumer demands and governmental regulation. Consolidation of any of our customers, or groups of our customers, could result in the loss of customers or could affect customer demand for the services we provide. Many of our customers face stringent regulatory and environmental requirements and permitting processes, including governmental regulations and policies. Regulatory requirements pertaining to permitting could result in project cancellations or deferrals of projects, which could materially affect demand for our services. The industries we serve are also subject to effects of environmental regulation, climate change initiatives and political or social activism, any of which could result in reduced demand for our services and/or delays or cancellations of current or planned future projects. Additionally, technological advances in the markets we serve could render existing projects or technologies uncompetitive or obsolete. Such changes in technology or our failure to rapidly adopt and master new technologies as they are developed in any of the industries we serve could reduce demand for our services. Any of the above factors could have a material adverse effect on our results of operations, cash flows and liquidity.

Unfavorable market conditions, market uncertainty and/or economic downturns could reduce capital expenditures in the industries we serve or could adversely affect our customers, which could result in decreased demand for the services we provide or impair our customers' ability to pay for our services.

We continually monitor our customers' industries and their relative health compared to the economy as a whole because we have in the past been negatively affected by economic downturns. Demand for our services has been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the U.S. economy and the economies of the countries in which we operate. Unfavorable market conditions, market uncertainty and/or economic downturns could have a negative effect on demand for our customers' services or the profitability of their services. Our customers may not have the ability to fund capital expenditures for infrastructure, or may have difficulty obtaining financing for planned projects during economic downturns. Uncertain or adverse economic conditions could reduce the availability of debt or equity financing for our customers, which could reduce their capital spending and/or result in project cancellations or deferrals. Any of these conditions could materially and adversely affect our results of operations, cash flows and liquidity, and could add uncertainty to our backlog determinations.

The oil and gas markets have historically been volatile and are likely to continue to be volatile. Oil and gas prices are subject to large fluctuations in response to changes in supply and demand, as well as market uncertainty and a variety of other factors that are beyond our control. Demand for pipeline construction services is sensitive to the level of activity in the oil and gas industry as well as industrial and utility customer demand. Other economic factors, such as reductions in new housing starts, can also negatively affect demand for our services, in particular for "last mile" infrastructure services, including for communications infrastructure, electrical utility transmission and grid connection and pipeline construction services. Additionally, an economic downturn could adversely affect our communications and customer fulfillment customers if services are ordered at a reduced rate, or not at all. A decrease in demand for the services we provide from any of the above factors, among others, could materially and adversely affect our results of operations, cash flows and liquidity.

An impairment of the financial condition of one or more of our customers due to economic downturns could hinder their ability to pay us on a timely basis. In the past, we incurred significant losses from customers who filed for bankruptcy or experienced financial difficulties following a general economic downturn, in which certain industry factors worsened the effect of the overall economic downturn on those customers. In difficult economic times, some of our clients may find it difficult to pay for our services on a timely basis, increasing the risk that our accounts receivable could become uncollectible and ultimately be written off. In certain cases, our clients are project-specific entities that do not have significant assets other than their interests in the project. From time to time, it may be difficult for us to collect payments owed to us by these clients. Delays in client payments may require us to make a working capital investment, which could negatively affect our cash flows and liquidity. If a client fails to pay us on a timely basis or defaults in making payments on a project for which we have devoted significant resources, it could materially and adversely affect our results of operations, cash flows and liquidity.

Our industry is highly competitive, which could reduce our market share and harm our financial performance.

Our industry is highly fragmented, and we compete with other companies in most of the markets in which we operate, ranging from small independent firms servicing local markets to larger firms servicing regional and national markets. We also face competition from existing and prospective customers that employ in-house personnel to perform some of the services we provide, which could reduce the amount of services our customers request us to perform. There are relatively few barriers to entry into certain of the markets in which we operate and, as a result, any organization that has adequate financial resources and access to technical expertise and skilled personnel may become a competitor. Most of our customers' work is awarded through bid processes, and our project bids may not be successful. Our results of operations, cash flows and liquidity could be materially and adversely affected if we are unsuccessful in bidding for projects or renewing our master service agreements, or if our ability to win such projects or agreements requires that we accept lower margins.

Risks Related to Our Business

Our failure to properly manage projects, or project delays, could result in additional costs or claims, which could have a material adverse effect on our operating results, cash flows and liquidity.

Certain of our engagements involve large-scale, complex projects that may occur over extended time periods. The quality of our performance on such a project depends in large part upon our ability to manage our client relationship and the project itself, including the timely deployment of appropriate resources, including third-party contractors and our own personnel. Our results of operations, cash flows and liquidity could be adversely affected if we miscalculate the resources or time needed to complete a project with capped or fixed fees, or the resources or time needed to meet contractual milestones. Additionally, delays on a particular project, including delays in designs, engineering information or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from failure to timely obtain permits or rights-of-way or to meet other regulatory requirements, weather-related delays and governmental, market, political and other factors, some of which are beyond our control, could result in cancellations or deferrals of project work, which could lead to a decline in revenue, or, for project deferrals, could cause us to incur costs for standby pay, and could lead to personnel shortages on other projects scheduled to commence at a later date.

We could also encounter project delays due to local opposition, including political and social activism, which could include injunctive actions or public protests related to the siting of oil, natural gas, or electric power transmission lines or for power generation or other facilities, and such delays could adversely affect our project margins. In addition, some of our agreements require that we share in cost overages or pay liquidated damages if we do not meet project deadlines; therefore, any failure to properly estimate or manage cost, or delays in the completion of projects, could subject us to penalties, which could adversely affect our results of operations, cash flows and liquidity. Further, any defects or errors, or failures to meet our customers' expectations, could result in large damage claims against us. Due to the substantial cost of, and potentially long lead-times necessary to acquire certain of the materials and equipment used in our complex projects, damage claims could substantially exceed the amount we can charge for our associated services.

Our failure to recover adequately on claims against project owners, subcontractors or suppliers for payment or performance could have a material adverse effect on our financial results.

We occasionally bring claims against project owners for additional costs that exceed the contract price or for amounts not included in the original contract price. Similarly, we present change orders and claims to our subcontractors and suppliers. If we fail to properly document the nature of change orders or claims, or are otherwise unsuccessful in negotiating a reasonable settlement, we could incur reduced profits, cost overruns or project losses. These types of claims can often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional costs, both direct and indirect, or from project or contract terminations. From time to time, these claims can be the subject of lengthy and costly proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse effect on our liquidity and financial results.

We may not accurately estimate the costs associated with services provided under fixed price contracts, which could impair our financial performance.

We derive a significant portion of our revenue from fixed price master service and other service agreements. Under these contracts, we typically set the price of our services on a per unit or aggregate basis and assume the risk that costs associated with our performance may be greater than what we estimated. We also enter into contracts for specific projects or jobs that require the installation or construction of an entire infrastructure system or specified units within an infrastructure system, many of which are priced on a fixed price or per unit basis. If actual costs to complete a project exceed our original estimates, our profitability will be reduced. Additionally, if estimated costs to complete the remaining work for a project exceed the expected revenue to be earned, the full amount of such expected loss is recognized in the period the loss is determined. Our profitability is therefore dependent upon our ability to accurately estimate the costs associated with our services and our ability to execute in accordance with our plans. A variety of factors could negatively affect these estimates, including changes in expected productivity levels, conditions at work sites differing materially from those anticipated at the time we bid on the contract and higher than expected costs of labor and/or materials. These variations, along with other risks inherent in performing fixed price contracts, could cause actual project results to differ materially from our original estimates, which could result in lower margins than anticipated, or losses, which could reduce our profitability, cash flows and liquidity.

Our business may be affected by difficult work sites and environments, which could cause delays and/or increase our costs and reduce profitability.

We perform work under a variety of conditions, including, but not limited to, challenging and hard to reach terrain and difficult site conditions. Performing work under such conditions can result in project delays or cancellations, potentially causing us to incur unanticipated costs, reductions in revenue or the payment of liquidated damages. In addition, some of our contracts require that we assume the risk should actual site conditions vary from those expected. Some of our projects involve challenging engineering, procurement and construction phases, which may occur over extended time periods. We may encounter difficulties in engineering, delays in designs or materials provided by the customer or a third party, equipment and material delivery delays, schedule changes, delays from customer failure to timely obtain rights-of-way, weather-related delays, delays by subcontractors in completing their portion of the project and other factors, some of which are beyond our control, but that affect our ability to complete a project as

originally scheduled. In some cases, delays and additional costs may be substantial, and we may be required to cancel a project and/or compensate the customer for the delay. We may not be able to recover any of such costs. Any such delays, cancellations, errors or other failures to meet customer expectations could result in damage claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively affect our reputation or relationships with our customers, which could adversely affect our ability to secure new contracts.

We recognize revenue for certain projects using the cost-to-cost method of accounting; therefore, variations of actual results from our assumptions could reduce our profitability.

We recognize revenue from fixed price contracts, as well as for certain projects pursuant to master and other service agreements, over time utilizing the cost-to-cost measure of progress, or the "cost-to-cost" method of accounting, under which the percentage of revenue to be recognized in a given period is measured by the percentage of costs incurred to date on the contract to the total estimated costs for the contract. The cost-to-cost method, therefore, relies on estimates of total expected contract costs. Contract revenue and total cost estimates are reviewed and revised on an ongoing basis as the work progresses. Adjustments arising from changes in the estimates of contract revenue or costs are reflected in the fiscal period in which such estimates are revised. Estimates are based on management's reasonable assumptions, judgment and experience, but are subject to the risks inherent in estimates, including unanticipated delays or technical complications, changes in job performance, job conditions and management's assessment of expected variable consideration. Variances in actual results from related estimates on a large project, or on several smaller projects, could be material. The full amount of an estimated loss on a contract is recognized in the period such losses are determined. Any such adjustments could result in reduced profitability and negatively affect our results of operations.

We derive a significant portion of our revenue from a few customers, and the loss of one or more of these customers, or a reduction in their demand for our services, could impair our financial performance.

Our business is concentrated among relatively few customers, and a substantial proportion of our services are provided on a non-recurring, project-by-project basis. Our revenue could significantly decline if we were to lose one or more of our significant customers, or if one or more of our customers reduce the amount of business they provide to us and/or elect to perform the work that we provide using in-house service teams. In addition, our results of operations, cash flows and liquidity could be negatively affected if we complete the required work on non-recurring projects and cannot replace them with similar projects. Many of the contracts with our largest customers may be canceled on short or no advance notice. Any of these factors could negatively affect our results of operations, cash flows and liquidity. See Note 1 - Business, Basis of Presentation and Significant Accounting Policies, Note 13 - Segments and Related Information and Note 14 - Commitments and Contingencies for revenue concentration information.

Amounts included in our backlog may not result in actual revenue or translate into profits. Our backlog is subject to cancellation and unexpected adjustments and is, therefore, an uncertain indicator of future operating results.

Our backlog consists of the estimated amount of revenue we expect to realize from future work on uncompleted contracts, including new contracts under which work has not begun, as well as revenue from change orders and renewal options and our proportionate share of estimated revenue from proportionately consolidated non-controlled contractual joint ventures. A significant portion of our 18-month backlog is attributable to master service agreements and other service agreements, none of which require our customers to purchase a minimum amount of services and are cancelable on short or no advance notice. The balance of our backlog is our estimate of work to be completed under contracts for specific projects. Backlog amounts are determined based on estimates that incorporate historical trends, anticipated seasonal impacts, experience from similar projects and estimates of customer demand based on communications with our customers. These estimates may prove inaccurate, which could cause estimated revenue to be realized in periods later than originally expected, or not at all. In the past, we have experienced postponements, cancellations and reductions in expected future work due to changes in our customers' plans, market volatility, regulatory delays and/or other factors. There can be no assurance as to our customers' requirements or the accuracy of our estimates. As a result, our backlog as of any particular date is an uncertain indicator of future revenue and earnings. In addition, contracts included in our backlog may not be profitable. If our backlog fails to materialize, our results of operations, cash flows and liquidity would be materially and adversely affected.

We maintain a workforce based upon current and anticipated workloads. We could incur significant costs and reduced profitability from underutilization of our workforce if we do not receive future contract awards, if contract awards are delayed, or if there is a significant reduction in the level of services we provide.

Our estimates of future performance and results of operations depend, among other factors, on whether and when we receive new contract awards, which affect the extent to which we are able to utilize our workforce. The rate at which we utilize our workforce is affected by a variety of factors, including our ability to forecast the need for our services, which allows us to maintain an appropriately sized workforce, our ability to transition employees from completed projects to new projects or between internal business groups, our ability to manage attrition, and our need to devote resources to non-chargeable activities such as training or business development. While our estimates are based upon our good faith judgment, professional knowledge and experience, these estimates may not be accurate and may frequently change based on newly available information. In the case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether and when we will receive a contract award. The uncertainty of contract award timing can present difficulties in matching our workforce size to our project needs. If an expected contract award is delayed or not received, we could incur costs resulting from underutilization of our workforce, redundancy of facilities, or from efforts to right-size our workforce and/or operations, which could reduce our profitability and cash flows.

Many of our contracts do not obligate our customers to undertake any infrastructure projects or other work with us, and most of our contracts may be canceled on short or no advance notice, which could reduce our revenue. In addition, certain of our contracts are subject to our customers' ability to secure financing or other conditions and therefore, may not result in revenue or profits.

We derive a significant portion of our revenue from multi-year master service and other service agreements, under which we provide project services through work orders within defined geographic areas on a fixed fee basis. Under these agreements, our customers have no obligation to undertake any infrastructure projects or other work with us. This makes it difficult to estimate our customers' demand for our services. A significant decline in the volume of work our customers request us to perform under these service agreements could negatively affect our results of operations, cash flows and liquidity. In addition, most of our contracts are cancelable on short or no advance notice, ranging from immediate cancellation to cancellation upon

180 days notice, even if we are not in default under the contract. Many of our contracts, including our service agreements, are periodically open to public bid. We may not be the successful bidder on existing contracts that are re-bid. For our services that are provided on a non-recurring, project-by-project basis, we could experience a reduction in revenue, profitability and liquidity if our customers cancel a significant number of contracts, or if we fail to win a significant number of existing contracts upon re-bid, or if we complete the required work under a significant number of our non-recurring projects and cannot replace them with similar projects. Additionally, from time to time, we enter into contracts that contain financing or other conditions that must be satisfied before we can begin work. Certain of these contracts may not result in revenue or profits if our customers are unable to obtain financing or to satisfy other conditions associated with such projects.

Our business is seasonal and affected by the spending patterns of our customers as well as weather conditions and natural catastrophes, which exposes us to variations in quarterly results.

Some of our customers reduce their expenditures and work order requests towards the end of the calendar year. In addition, adverse weather conditions, particularly during the winter season, can affect our ability to perform outdoor services in certain regions of North America. As a result, we generally experience reduced revenue in the first quarter of each calendar year. Natural catastrophes such as hurricanes or other severe weather, wildfires or flooding could affect our ability to perform outdoor services or utilize equipment and crews in affected regions. These events, as well as global economic effects resulting from concerns over infectious diseases or other health issues, could also have an effect on demand for our services which could negatively affect our results of operations, cash flows and liquidity.

Acquisitions and investments involve risks that could negatively affect our operating results, cash flows and liquidity.

We have made, and may continue to make, strategic acquisitions and investments. Acquisitions may expose us to operational challenges and risks, including:

- the ability to profitably manage the acquired business or successfully integrate the operations, internal controls and procedures, financial reporting and accounting systems of the acquired business into our business;
- increased indebtedness and contingent earn-out obligations;
- the ability to fund cash flow shortages that may occur if anticipated revenue is not realized or is delayed, whether by general economic or market conditions, or other unforeseen difficulties;
- the expense of integrating acquired businesses;
- the availability of funding sufficient to meet increased capital needs;
- diversion of management's attention; and
- the ability to retain or hire qualified personnel required for expanded operations.

We may not be able to identify suitable acquisition or strategic investment opportunities, or may be unable to obtain the required consent of our lenders and, therefore, may not be able to complete such acquisitions or strategic investments. We may pay for acquisitions or strategic investments with our common stock or with debt instruments, including convertible debt securities, which could dilute the ownership interests of our common shareholders, or we may decide to pursue acquisitions with which our investors may not agree. Borrowings or issuances of debt associated with these acquisitions could also result in higher levels of indebtedness, which could negatively affect our ability to service our debt within the scheduled repayment terms. In addition, in connection with most of our acquisitions, we agree to substantial future earn-out arrangements. To the extent we defer payment of an acquisition's purchase price through a cash earn-out arrangement, it will reduce our cash flows in subsequent periods.

In addition, acquired companies may have liabilities that we failed, or were unable, to discover in the course of performing due diligence investigations. We cannot assure you that the indemnifications granted to us by sellers of acquired companies will be sufficient in amount, scope or duration to fully offset potential liabilities associated with acquired businesses. We may learn additional information about the businesses we have acquired that could materially adversely affect us, such as unknown or contingent liabilities, unprofitable projects and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business. Failure to successfully manage the operational challenges and risks associated with, or resulting from, our acquisitions could adversely affect our results of operations, cash flows and liquidity.

We generally require that key management and former principals of the businesses we acquire enter into non-competition agreements in our favor. Enforceability of these non-competition agreements varies from state to state, and state courts will generally examine all of the facts and circumstances at the time a party seeks to enforce a non-competition agreement; consequently, we cannot predict with certainty whether, if challenged, a court will enforce any particular non-competition agreement. If one or more former principals or members of key management of the businesses we acquire terminate their employment with us and the courts refuse to enforce the non-competition agreement entered into by such person or persons, we might be subject to increased competition, which could materially and adversely affect our operating results, cash flows and liquidity.

We have incurred goodwill and intangible asset impairment charges, and in the future, could incur additional impairment charges, which could harm our profitability.

We have significant amounts of long-lived assets, goodwill and intangible assets. When we acquire a business, we record goodwill equal to the excess of the amount we pay for the business, including anticipated future liabilities, over the estimated fair value of the net assets of the acquired business. We periodically review the carrying values of goodwill and intangible assets to determine whether such carrying values exceed their fair market values. Declines in the profitability of individual reporting units due to economic or market conditions or otherwise, as well as adverse changes in financial, competitive and other conditions, or other adverse changes in the key valuation assumptions contributing to the estimated fair value of our reporting units, could adversely affect the estimated fair values of the related reporting units, which could result in an impairment of the recorded balances of goodwill or intangible assets. See Note 3 - Goodwill and Other Intangible Assets in the notes to the audited consolidated financial statements, which

is incorporated by reference, for additional details. Changes in economic and capital market conditions, as well as the operating performance of our reporting units, could result in future impairment charges, which could adversely affect our financial condition and operating results.

Our financial results are based, in part, upon estimates and assumptions that may differ from actual results. In addition, changes in accounting principles may cause unexpected fluctuations in our reported financial information.

In preparing our consolidated financial statements in conformity with U.S. GAAP, management makes a number of estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. These estimates and assumptions must be made because certain information used in the preparation of our consolidated financial statements is either dependent on future events or cannot be calculated with a high degree of precision from data available. In some cases, these estimates are particularly uncertain and we must exercise significant judgment. See Note 1 - Business, Basis of Presentation and Significant Accounting Policies in the notes to the audited consolidated financial statements, which is incorporated by reference, for details of key estimates. Actual results could differ materially from the estimates and assumptions that we use, which could have a material adverse effect on our results of operations, cash flows and liquidity.

In addition, accounting rules and regulations are subject to review and interpretation by the Financial Accounting Standards Board (the "FASB"), the SEC and various other governing bodies. A change in U.S. GAAP could have a significant effect on our reported financial results. Additionally, the adoption of new or revised accounting principles could require that we make significant changes to our systems, processes and controls. We cannot predict the effect of future changes to accounting principles, which could have a significant effect on our reported financial results and/or our results of operations, cash flows and liquidity.

Our operations could affect the environment or cause exposure to hazardous substances. In addition, our properties could have environmental contamination, which could result in material liabilities.

Our operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, polychlorinated biphenyls ("PCBs"), fuel storage and air quality. Certain of our current and historical construction operations have used hazardous materials and, to the extent that such materials are not properly stored, contained or recycled, they could become hazardous waste. Additionally, some of our contracts require that we assume the environmental risk of site conditions and require that we indemnify our customers for any damages, including environmental damages, incurred in connection with our projects. We may be subject to claims under various environmental laws and regulations, federal and state statutes and/or common law doctrines for toxic torts and other damages, as well as for natural resource damages and the investigation and clean-up of soil, surface water, groundwater, and other media under laws such as the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). Such claims may arise, for example, out of current or former conditions at project sites, current or former properties owned or leased by us, or contaminated sites that have always been owned or operated by third parties. Liability may be imposed without regard to fault and may be strict and joint and several, such that we may be held responsible for more than our share of any contamination or other damages, or even for the entire share, and we may be unable to obtain reimbursement from the parties that caused the contamination.

A failure to comply with environmental laws could result in significant liabilities or harm our reputation, and new environmental laws or regulations could adversely affect our business.

Some of the work we perform is in underground environments. If the field location maps supplied to us are not accurate, or if objects are present in the soil that are not indicated on the field location maps, our underground work could strike objects in the soil containing pollutants and result in a rupture and discharge of pollutants. In such a case, we could incur significant costs, including clean-up costs, and we may be liable for significant fines and damages and could suffer reputational harm. Additionally, we sometimes perform directional drilling operations below certain environmentally sensitive terrains and water bodies. Due to the inconsistent nature of terrain and water bodies, it is possible that such directional drilling could cause a surface fracture releasing subsurface materials or drilling fluid. These releases alone or, in combination with releases that may contain contaminants in excess of amounts permitted by law, could potentially expose us to significant clean up and remediation costs, damages, fines and reputational harm, which could have a material adverse effect on our results of operations, cash flows and liquidity.

We also own and lease several facilities at which we store our equipment. Some of these facilities contain fuel storage tanks that may be above or below ground. If these tanks were to leak, we could be responsible for the cost of remediation as well as potential fines. New environmental laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or leaks, or the imposition of new clean-up requirements could require us to incur significant costs or result in new or increased liabilities that could have a material adverse effect on our results of operations, cash flows and liquidity. We are also subject to laws and regulations protecting endangered species. We may incur work stoppages to avoid violating these laws and regulations, or we may risk fines or other sanctions if we inadvertently violate these laws and regulations.

In addition, concerns about climate change could result in potential new regulations, regulatory actions or requirements to fund energy efficiency activities, any of which could negatively affect our customers and decrease demand for their services, or result in increased costs associated with our operations. There are significant environmental regulations under consideration to encourage the use of clean energy technologies and regulate emissions of greenhouse gases to address climate change. The establishment of rules limiting greenhouse gas emissions could affect our ability to perform construction services or to perform these services at current levels of profitability. For example, if new regulations were adopted regulating greenhouse gas emissions from sources such as cars and trucks, we could experience a significant increase in environmental compliance costs in light of our large fleet and the amount of construction machinery we own. New regulations may require us to acquire different equipment or change processes. The new equipment may not be available, or we may not be able to purchase or rent this equipment in a cost-effective manner. Compliance with any new laws or regulations regarding the reduction of greenhouse gases could result in significant changes to our operations and a significant increase in the cost of conducting our business. In addition, if our operations are perceived to result in high greenhouse gas emissions or to otherwise pose environmental risks, our reputation could suffer and/or we could experience a reduction in the amount of future work we are awarded. Project deferrals, delays or cancellations resulting from climate change initiatives and/or the effects of such regulations could adversely affect our business.

Many of our customers are highly regulated. New regulations, or changes to existing regulations, could adversely affect demand for our services and/or the profitability of those services.

Most of our communications customers are regulated by the FCC, and our energy customers are regulated by the Federal Energy Regulatory Commission ("FERC"), among others. In addition, our utility customers are regulated by state public utility commissions. These agencies could change their interpretation of current regulations and/or may impose additional regulations. Interpretative changes or new regulations having an adverse effect on our customers and/or the profitability of the services they provide could reduce demand for our services, which could adversely affect our results of operations, cash flows and liquidity.

Additionally, various federal, state, local, or foreign legislative and regulatory initiatives have been undertaken that could result in additional requirements or restrictions being imposed, including for drilling and completion operations. Future regulations or restrictions that might be adopted could lead to operational delays and increased operating costs for our customers in the oil and gas industry, which could result in reduced capital spending and/or delays or cancellations of future oil and gas infrastructure projects that could materially and adversely affect our results of operations, cash flows and liquidity.

We rely on information, communications and data systems in our operations. Systems and information technology interruptions and/or data security breaches could adversely affect our ability to operate, and/or our operating results or could result in harm to our reputation.

We are heavily reliant on computer, information and communications technology and related systems in order to operate. We also rely, in part, on third-party software and information technology to run certain of our critical accounting, project management and financial information systems. From time to time, we experience system interruptions and delays. Our operations could be interrupted or delayed, or our data security could be breached, if we are unable to deploy software and hardware, gain access to, or effectively maintain and upgrade our systems and network infrastructure and/or take other steps to improve and otherwise protect our systems. In addition, our information technology and communications systems and our operations could be damaged or interrupted by cyber attacks and/or physical security risks, including from natural disasters, power loss, telecommunications failures, intentional or inadvertent user misuse or error, failures of information technology solutions, computer viruses, malicious code, ransomware attacks, acts of terrorism and physical or electronic security breaches, including breaches by computer hackers, cyber-terrorists and/or unauthorized access to or disclosure of our and/or our employees' or customers' data. Furthermore, such unauthorized access or cyber attacks could go unnoticed for some period of time.

These events, among others, could cause system interruptions, delays and/or the loss or release of critical or sensitive data, including the unintentional disclosure of customer, employee or our information, and could delay or prevent operations, including the processing of transactions and reporting of financial results or cause processing inefficiency or downtime, all of which could have a material adverse effect on our business, results of operations and financial condition and could harm our reputation and/or result in significant costs, fines or litigation. Similar risks could affect our customers, subcontractors or suppliers, indirectly affecting us.

While we have security, internal control and technology measures in place to protect our systems and network, if these measures fail as a result of a cyber-attack, other third-party action, employee error, malfeasance or other security failure, and someone obtains unauthorized access to our or our employees' or customers' information, our reputation could be damaged, our business may suffer and we could incur significant liability, or, in some cases, we may lose access to our business data. In the ordinary course of business, we have been targeted by malicious cyber-attacks, although our systems have been sufficiently resilient to prevent disruption of our operations; however, because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, our current or future defenses may not be adequate to protect against new or revised techniques. As a result, we may be required to expend significant resources to protect against the threat of system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage our reputation and have a material adverse effect on our business, results of operations, financial condition and cash flows. Furthermore, while we maintain insurance policies that we consider to be adequate, our coverage may not specifically cover all types of losses or claims that may arise.

In addition, the unauthorized disclosure of confidential information and current and future laws and regulations governing data privacy, including the California Consumer Privacy Act and the European Union's General Data Protection Regulation, may pose complex compliance challenges and/or result in additional costs. A failure to comply with such laws and regulations could result in penalties, fines and/or legal liabilities and/or harm our reputation. The continuing and evolving threat of cyber attacks has also resulted in increased regulatory focus on risk management and prevention. New cyber-related regulations or other requirements could require significant additional resources and/or cause us to incur significant costs, which could have an adverse effect on our results of operations and cash flows.

We regularly evaluate the need to upgrade and/or replace our systems and network infrastructure to protect our information technology environment, to stay current on vendor supported products and to improve the efficiency and scope of our systems and information technology capabilities. The implementation of new systems and information technology could adversely impact our operations by requiring substantial capital expenditures, diverting management's attention, and/or causing delays or difficulties in transitioning to new systems. In addition, our system implementations may not result in productivity improvements at the levels anticipated. System implementation disruptions and/or any other information technology disruptions, if not anticipated and appropriately mitigated, could have an adverse effect on our business.

In the ordinary course of our business, we may become subject to lawsuits, indemnity or other claims, which could materially and adversely affect our business, results of operations and cash flows.

From time to time, we are subject to various claims, lawsuits and other legal proceedings brought or threatened against us in the ordinary course of our business. These actions and proceedings may seek, among other things, compensation for alleged personal injury, workers' compensation, employment discrimination and other employment-related damages, breach of contract, property damage, environmental liabilities, multiemployer pension plan withdrawal liabilities, liquidated damages, consequential damages, punitive damages and civil penalties or other losses, or injunctive or declaratory relief. We may also be subject to litigation in the normal course of business involving allegations of violations of the Fair Labor Standards Act and state wage and hour laws. In addition, we generally indemnify our customers for claims related to the services we provide and actions we take under our contracts, and, in some instances, we may be allocated risk through our contract terms for actions by our joint venture partners, equity investments, customers or other third parties.

Claimants may seek large damage awards and defending claims can involve significant costs. When appropriate, we establish accruals for litigation and contingencies that we believe to be adequate in light of current information, legal advice and our indemnity insurance coverages. We reassess our potential liability for litigation and contingencies as additional information becomes available and adjust our accruals as necessary. We could experience a reduction in our profitability and liquidity if we do not properly estimate the amount of required accruals for litigation or contingencies, or if our insurance coverage proves to be inadequate or becomes unavailable, or if our self-insurance liabilities are higher than expected. The outcome of litigation is difficult to assess or quantify, as plaintiffs may seek recovery of very large or indeterminate amounts and the magnitude of the potential loss may remain unknown for substantial periods of time. Furthermore, because litigation is inherently uncertain, the ultimate resolution of any such claim, lawsuit or proceeding through settlement, mediation, or court judgment could have a material adverse effect on our business, financial condition or results of operations. In addition, claims, lawsuits and proceedings may harm our reputation or divert management's attention from our business or divert resources away from operating our business and cause us to incur significant expenses, any of which could have a material adverse effect on our business, results of operations or financial condition.

Our business is subject to operational and physical hazards that could result in substantial liabilities and weaken our financial condition.

Our business is subject to operational hazards due to the nature of services we provide and the conditions in which we operate, including electricity, fires, explosions, mechanical failures and weather-related incidents. Construction projects undertaken by us expose our employees to electrical lines, pipelines carrying potentially explosive or toxic materials, heavy equipment, transportation accidents, adverse weather conditions and the risk of damage to equipment and property. These hazards, among others, can cause personal injuries and loss of life, severe damage to or destruction of property and equipment and other consequential damages and could lead to suspension of operations and large damage claims which could, in some cases, substantially exceed the amount we charge for the associated services. In addition, if serious accidents or fatalities occur, or if our safety records were to deteriorate, we may be restricted from bidding on certain work or obtaining new contracts, and certain existing contracts could be terminated. Our safety processes and procedures are monitored by various agencies and ratings bureaus. The occurrence of accidents in the course of our business could result in significant liabilities, employee turnover, an increase the costs of our projects or harm our ability to perform under our contracts or enter into new customer contracts, all of which could materially adversely affect our revenue, profitability and liquidity.

Our failure to comply with the regulations of OSHA, the U.S. DOT and other state and local agencies that oversee transportation and safety compliance could reduce our revenue, profitability and liquidity.

OSHA establishes certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by OSHA and various recordkeeping, disclosure and procedural requirements. Various standards, including standards for notices of hazards and safety in excavation and demolition work, may apply to our operations. We incur capital and operating expenditures and other costs in the ordinary course of business in complying with OSHA and other state and local laws and regulations, and could incur penalties and fines in the future, including, in extreme cases, criminal sanctions.

Our service activities involve a high degree of operational risk, and while we invest substantial resources in occupational health and safety programs, there can be no assurance that we will avoid significant liability. Although we have taken what we believe to be appropriate precautions, we have had employee injuries and fatalities in the past, and may suffer additional injuries or fatalities in the future. Serious accidents of this nature may subject us to substantial penalties, civil litigation or criminal prosecution. Personal injury claims for damages, including for bodily injury or loss of life, could result in substantial costs and liabilities, which could materially and adversely affect our financial condition, results of operations or cash flows. In addition, if our safety record were to deteriorate, or if we suffered substantial penalties or criminal prosecution for violation of health and safety regulations, customers could cancel existing contracts and not award future business to us, which could materially adversely affect our liquidity, cash flows and results of operations. From time to time, we have received notice from the DOT that our motor carrier operations will be monitored and that the failure to improve our safety performance could result in suspension or revocation of vehicle registration privileges. If we were not able to successfully resolve such issues, our ability to service our customers could be damaged, which could lead to a material adverse effect on our results of operations, cash flows and liquidity.

We are subject to risks associated with climate change.

In recent years, there has been an increased focus on climate change, greenhouse gas and other emissions and other potential damage to the environment caused by human activities. The potential effects of climate change on our operations is highly uncertain. Climate change may result in, among other things, an increase in extreme weather events, such as floods, hurricanes, wildfires, rising sea levels and limitations on water availability and quality. Extreme weather conditions could limit the availability of resources, increase the costs of our projects, or could cause projects to be delayed or canceled. Our operating results are significantly influenced by weather. Therefore, major changes in weather patterns could have a significant effect on our future operating results. For example, if climate change results in a significant increase in adverse weather conditions in a given period, we could experience reduced productivity, which could negatively affect our revenue and profitability. Climate change could also affect our customers and the projects they award. Demand for power projects, underground pipelines or other projects could be negatively affected by significant changes in weather or from legislation or regulations governing climate change. Additionally, legislative and/or regulatory responses related to climate change could affect the availability of goods, increase our costs or otherwise negatively affect our operations. Reductions in project awards, increases in costs related to climate change and climate change regulations could have a material adverse effect on our results of operations, cash flows and liquidity.

The renewable energy industry is partially reliant on tax incentives, the availability of which may be uncertain and could adversely affect demand for our services.

The renewable energy industry has historically been reliant on tax incentives, which have spurred investment in renewable energy facilities. These tax incentives typically have a finite duration, creating uncertainty for developers of renewable energy facilities, which may adversely affect investment in them and, accordingly, demand for our services. We cannot predict the effect that current or future tax incentive legislation and/or expiration or extension of these incentives will have on demand for our services. Currently, there are certain federal tax incentives applicable to renewable energy projects, which are expected to be phased out beginning in 2021. In order to qualify for these tax credits, construction must begin before the end of 2020 and the project must be placed in service prior to the end of 2024. Any future efforts to extend or renew the existing tax incentives are uncertain.

and if extended or renewed, the provisions related to such extensions or renewals may not be as favorable as those that currently exist, which could materially and adversely affect demand for our services, results of operations, cash flows and liquidity.

If we are unable to attract and retain qualified managers and skilled employees, we will be unable to operate efficiently, which could reduce our revenue, profitability and liquidity.

Our business is labor intensive, and some of our operations experience a high rate of employee turnover. In addition, given the nature of the highly specialized work we perform, many of our employees are trained in, and possess, specialized technical skills that are necessary to operate our business and maintain productivity and profitability. At times of low unemployment, it can be difficult for us to find qualified and affordable personnel. We may be unable to hire and retain a sufficiently skilled labor force necessary to support our operating requirements and growth strategy. Our labor and training expenses may increase as a result of a shortage in the supply of skilled personnel. We may not be able to pass these expenses on to our customers, which could adversely affect our profitability. Additionally, our business is managed by a number of key executive and operational officers, many of whom have extensive industry experience, and is dependent upon retaining and recruiting qualified management to execute our business strategy. Labor shortages, increased labor or training costs, or the loss of key personnel could materially adversely affect our results of operations, cash flows and liquidity.

Our subcontractors may fail to satisfy their obligations to us or other parties, or we may be unable to maintain these relationships, either of which could have a material adverse effect on our results of operations, cash flows and liquidity.

We depend on subcontractors to perform work for some of our projects. There is a risk that we could have disputes with subcontractors arising from, among other things, the quality and timeliness of the work they perform, customer concerns, or our failure to extend existing work orders or issue new work orders under a subcontracting arrangement. If any of our subcontractors fail to perform the agreed-upon services on a timely basis and/or deliver the agreed-upon supplies, our ability to fulfill our obligations as a prime contractor could be jeopardized. In addition, the absence of qualified subcontractors with whom we have satisfactory relationships could adversely affect our ability to perform under some of our contracts, or the quality of the services we provide. Additionally, in some cases, we pay our subcontractors before our customers pay us for the related services. We could experience a material decrease in profitability and liquidity if we choose, or are required, to pay our subcontractors for work performed for customers that fail to pay us, or delay paying us, for the related work. Any of these factors could have a material adverse effect on our results of operations, cash flows and liquidity.

We also rely on suppliers to obtain the necessary materials for certain projects, and on equipment manufacturers and lessors to provide us with the equipment we require to conduct our operations. Although we are not dependent on any single supplier, equipment manufacturer or lessor, any substantial limitation on the availability of suppliers or equipment, including from economic or market conditions, could negatively affect our operations. If we cannot acquire sufficient materials or equipment, it could materially and adversely affect our results of operations, cash flows and liquidity.

Our participation in strategic arrangements, including joint ventures and equity investments, exposes us to numerous risks.

We have certain strategic arrangements, including joint ventures and equity investments, which provide us the opportunity to combine our skills and resources with those of others to allow for the performance of particular projects for which we do not control the day-to-day operations. The success of these arrangements depends, in large part, on whether our partners satisfy their contractual and performance obligations. In certain of these arrangements, we and our partners are jointly and severally liable for liabilities and obligations of the entity or joint venture. If one of our partners fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from claims or lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner's shortfall. Further, if we are unable to adequately address our partner's performance issues, the projects could be terminated, which could result in legal liability, harm our reputation and/or impair our ability to participate in future investment and project opportunities, all of which could materially adversely affect our results of operations, cash flows and liquidity. In the past, we have incurred losses from our equity investments. We also could be subject to a write-down of a portion or all of the net investment related to such arrangements. Market or other conditions, such as the inability of an entity in which we have invested to complete certain transactions, could subject us to a loss of some or all of the value of our investment. See Note 14 - Commitments and Contingencies and Note 4 - Fair Value of Financial Instruments in the notes to the audited consolidated financial statements, which are incorporated by reference, for additional information.

We may have additional tax liabilities associated with our domestic and international operations.

We are subject to income taxes in the United States and certain foreign jurisdictions. Management must exercise significant judgment in determining our provision for income taxes due to lack of clear and concise tax laws and regulations in certain jurisdictions. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of laws are issued or applied, and such changes could materially affect our tax provisions. The U.S. enacted tax reform legislation in 2017, referred to as the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"). The provisions of the 2017 Tax Act require significant judgments and estimates to be made, and our interpretations of these provisions could differ from those of the U.S. Treasury Department or the Internal Revenue Service (the "IRS"), as many provisions of the 2017 Tax Act still do not have final guidance. In addition, we are audited by various U.S. and foreign tax authorities, and in the ordinary course of our business, there are many transactions and calculations for which the ultimate tax determination may be uncertain. Although we believe that our tax estimates are reasonable, the final outcome of income tax examinations could be materially different from our expectations and the estimates that are reflected in our consolidated financial statements, which could have a material adverse effect on our results of operations, cash flows and liquidity.

We are self-insured against many potential liabilities.

Although we are effectively self-insured for substantially all claims because most claims against us do not exceed the deductibles under our insurance policies, there can be no assurance that our insurance coverages will be sufficient under all circumstances, or against all claims or liabilities to which we may be subject. We actuarially determine any liabilities for unpaid claims and associated expenses, including losses incurred but not reported, and reflect the present value of those liabilities on our balance sheet. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly. However, insurance liabilities are difficult to assess and estimate due to many factors, the

effects of which are often unknown or difficult to estimate, including the severity of an injury, the determination of our liability in proportion to other parties' liability, the number of incidents not reported and the effectiveness of our safety programs. If our insurance costs exceed our estimates of insurance liabilities, or if our insurance claims increase, or if our insurance coverage proves to be inadequate or becomes unavailable, we could experience increased exposure to risk and/or a decline in profitability and liquidity.

Changes to renewable portfolio standards and decreased demand for renewable energy projects could negatively affect our results of operations, cash flows and liquidity.

We build renewable energy infrastructure, including wind, solar and other renewable energy facilities. The development of renewable energy facilities is dependent upon federal tax credits, the existence of renewable portfolio standards and other tax or state incentives. Renewable portfolio standards are state specific statutory provisions requiring that electric utilities generate a certain amount of electricity from renewable energy sources or devote a certain portion of operational/development capacity to renewable energy sources. Additionally, certified renewable energy generators earn certificates for every megawatt hour of electricity they produce and can sell these along with their electricity to their customers. In the past, these standards have spurred growth in the renewable energy industry and demand for renewable energy infrastructure construction services. Renewable energy project revenue, however, has been, and in the future is expected to continue to be, highly volatile. Renewable portfolio standards or goals have been adopted in many states. Elimination of, or changes to, existing renewable portfolio standards or similar environmental policies could negatively affect demand for our services. Additionally, renewable energy can be more expensive to produce and may require additional power generation sources as backup. The locations of renewable energy projects are often remote and not viable unless connection to the grid is economically feasible. Furthermore, funding for renewable energy initiatives may not be available, particularly during periods of tight credit markets. These factors could result in fewer renewable energy projects than anticipated or a delay in the timing of construction of these projects and the related infrastructure, which would negatively affect demand for our services.

Warranty claims resulting from our services could have a material adverse effect on our business.

We generally warrant the work we perform for a one- to two-year period following substantial completion of a project, subject to further extensions of the warranty period following repairs or replacements. Warranty claims have historically not been material, but such claims could potentially increase. If warranty claims occur, we could be required to repair or replace warranted items, or, if our customers elect to repair or replace the warranted item using the services of another provider, we could be required to pay for the cost of the repair or replacement. Additionally, while we generally require that the materials provided to us by suppliers have warranties consistent with those we provide to our customers, if any of these suppliers default on their warranty obligations to us, we could incur costs to repair or replace the defective materials for which we are not reimbursed. The costs associated with such warranties, including any warranty-related legal proceedings, could have a material adverse effect on our results of operations, cash flows and liquidity.

Certain of our businesses have employees who are represented by unions or are subject to collective bargaining agreements. The use of a unionized workforce and any related obligations could adversely affect our operations.

Certain of our employees are represented by labor unions and collective bargaining agreements. Although all such collective bargaining agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur despite the terms of these agreements. Strikes or work stoppages could adversely affect our relationships with our customers and cause us to lose business. Additionally, as current agreements expire, the labor unions may not be able to negotiate extensions or replacements on terms favorable to their members, or at all, or avoid strikes, lockouts or other labor actions that could affect their members. Therefore, we cannot assure you that new agreements will be reached with employee labor unions as existing contracts expire, or on desirable terms. Any action against us relating to the union workforce we employ could have a material adverse effect on our liquidity, cash flows and results of operations.

Our participation in multiemployer pension plans may subject us to liabilities that could materially and adversely affect our liquidity, cash flows and results of operations.

Substantially all of our union and collective bargaining agreements require us to participate with other companies in multiemployer pension plans. To the extent that U.S.-registered multiemployer pension plans are underfunded, the Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980 (collectively, "ERISA"), may subject us to substantial liabilities in the event of a complete or partial withdrawal from, or upon termination of, such plans. We currently contribute, and in the past have contributed to, plans that are underfunded, and, therefore, could have potential liability associated with a voluntary or involuntary withdrawal from, or termination of, these plans. In addition, the Pension Protection Act of 2006, as amended, requires pension plans that are underfunded to improve their funding ratios within prescribed intervals based on their level of underfunding, under which benefit reductions may apply and/or participating employers could be required to make additional contributions. In addition, if a multiemployer defined benefit plan fails to satisfy certain minimum funding requirements, the Internal Revenue Service may impose on the employers contributing to such plans a non-deductible excise tax of 5% of the amount of the accumulated funding deficiency.

Based upon the information available to us from plan administrators as of December 31, 2019, several of the multiemployer pension plans in which we participate are underfunded and, as a result, we could be required to increase our contributions, including in the form of a surcharge on future benefit contributions, or increased contributions on underfunded plans. The amount we may be obligated to pay or contribute in the future cannot be estimated, as these amounts are based on future levels of work of the union employees covered by these plans, investment returns and the level of underfunding of such plans. We do not have plans to withdraw from, and are not aware of circumstances that would reasonably lead to material claims against us in connection with the multiemployer pension plans in which we participate. There can be no assurance, however, that we will not be assessed liabilities in the future. Withdrawal liabilities, requirements to pay increased contributions and/or excise taxes in connection with any of the multiemployer pension plans in which we participate could negatively affect our cash flows, liquidity and results of operations.

Our existing operations in international markets, or expanding into additional international markets, may not be successful and could expose us to risks, including failure to comply with the U.S. Foreign Corrupt Practices Act and/or similar anti-bribery laws, which could harm our business and prospects.

We derive a portion of our revenue from international markets, and we may further expand the volume of international services we provide, as well as the foreign geographic territories in which we operate. See Note 13 - Segments and Related Information in the notes to the audited consolidated financial statements, which is incorporated by reference, for foreign revenue information. Our foreign operations are presently conducted primarily in Canada, but we have performed work in various other foreign countries, and the revenue we derive from, or the number of countries in which we operate, could expand in the future. Economic conditions, including those resulting from wars, geopolitical shifts, civil unrest, acts of terrorism and other conflicts, or volatility in the global markets could adversely affect our foreign customers, their demand for our services and/or their ability to pay for our services. In addition, there are numerous risks inherent in conducting business internationally, including, but not limited to, potential instability in international markets, changes in regulatory requirements applicable to international operations, including evolving consumer protection and data use and security standards, foreign currency fluctuations, exchange controls and other limits on our ability to repatriate and reinvest earnings, political, economic and social conditions in foreign countries, tariffs and duties, and complex U.S. and foreign laws and treaties, including taxation laws and the U.S. Foreign Corrupt Practices Act (the "FCPA"). These risks could restrict our ability to provide services to foreign customers or to operate our international businesses profitably, and our overall business and results of operations could be negatively affected by our foreign activities.

The FCPA and similar anti-bribery laws in other jurisdictions prohibit U.S.-based companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. We pursue opportunities in certain parts of the world that experience corruption to some degree, and, in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our policies mandate compliance with these anti-bribery laws. Further our subcontractors, agents and others who work for us or on our behalf are expected to comply with the FCPA and other anti-bribery laws. There is no assurance that our employees and agents will comply with the FCPA, or that anti-bribery laws will protect us against liability under the FCPA or other laws for actions taken by our agents, employees and/or intermediaries. If we are found to be liable for FCPA violations, either due to our own acts or our inadvertence, or due to the acts or inadvertence of others, we could incur severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, results of operations or cash flows. In addition, detecting, investigating and resolving actual or alleged FCPA violations is expensive and can consume significant time and attention of our senior management.

We are subject to foreign exchange and currency risks that could adversely affect our operations and our ability to reinvest earnings from operations. In addition, our ability to mitigate our foreign exchange risk through hedging transactions may be limited.

We generally attempt to denominate our contracts in U.S. dollars or in the currencies of our costs. We have, and could in the future enter into contracts or service arrangements in foreign locations that are denominated in currencies other than the U.S. dollar, subjecting us to currency risk exposure, particularly when the contract revenue is denominated in a currency different from the contract costs. Certain portions of our consolidated revenue and operating expenses are in foreign currencies. As a result, we are subject to foreign currency risks, including risks resulting from changes in foreign exchange rates and limitations on our ability to reinvest earnings from operations in one country to fund the financing requirements of our operations in other countries.

Our credit facility and senior notes impose restrictions on us that may prevent us from engaging in transactions that might benefit us, including responding to changing business and economic conditions or securing additional financing, if needed.

The terms of our indebtedness contain customary events of default and covenants that prohibit us from taking certain actions without satisfying certain financial tests or obtaining the consent of the lenders, including, among other things:

- making investments and acquisitions in excess of specified amounts;
- incurring additional indebtedness in excess of specified amounts;
- repurchasing shares or paying dividends in excess of specified amounts;
- creating certain liens against our assets;
- prepaying subordinated indebtedness;
- engaging in certain mergers or combinations; and
- engaging in transactions that would result in a "change of control," as defined in the credit facility and the indentures governing our senior notes.

Our senior secured credit facility requires that we comply with a consolidated leverage ratio and a consolidated interest coverage ratio. Should we be unable to comply with the terms and covenants of our credit facility, we would be required to obtain consents from our bank group, further modify our credit facility or secure another source of financing to continue to operate our business, none of which may be available to us on reasonable terms or at all. A default could also result in the acceleration of our obligations under the credit facility or under the indentures relating to our senior notes. In addition, these covenants may prevent us from engaging in transactions that benefit us, including responding to changing business and economic conditions or securing additional financing, if needed. Our business is capital intensive and to the extent we need additional financing, we may not be able to obtain such financing at all or on favorable terms, which could materially decrease our profitability, cash flows and liquidity.

Regulatory changes and/or reforms, such as the phase-out of the London Inter-bank Offered Rate ("LIBOR"), which is expected to occur by 2021, could lead to additional volatility in interest rates for our variable rate debt and other unpredictable effects. While our material financing arrangements indexed to LIBOR have procedures for determining an alternative base rate, such alternative base rate could perform differently than the current LIBOR-indexed rate and could result in an increase in the cost of our variable rate indebtedness, which could negatively affect our results of operations and cash flows.

We may be unable to obtain sufficient bonding capacity to support certain service offerings, and the need for performance and surety bonds could reduce availability under our credit facility.

Some of our contracts require performance and payment bonds. If we are not able to renew or obtain a sufficient level of bonding capacity in the future, we may be precluded from being able to bid for certain contracts or successfully contract with certain customers. In addition, even if we are able to successfully renew or obtain performance or payment bonds, we may be required to post letters of credit in connection with the bonds, which would reduce availability under our credit facility. Furthermore, under standard terms in the surety market, sureties issue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of additional collateral as a condition to issuing or renewing any bonds. If we were to experience an interruption or reduction in the availability of bonding capacity as a result of these or any other reasons, we may be unable to compete for or work on projects that require bonding.

A failure of our internal control over financial reporting could materially affect our business.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. An internal control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Internal control over financial reporting may not prevent or detect misstatements due to inherent limitations in internal control systems. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud, and could expose us to litigation, harm our reputation, and/or adversely affect the market price of our common stock.

Risks Related to Our Company and Our Common Stock

There may be future sales of our common stock or other dilution of our equity that could adversely affect the market price of our common stock. In connection with certain completed acquisitions, we have issued shares of our common stock, and we additionally have the option to issue shares of our common stock instead of cash as consideration for future earn-out obligations. We may agree to issue additional shares in connection with other future acquisition or financing transactions, which, if issued, would dilute your share ownership and could lead to volatility in our common stock price.

We grow our business organically as well as through acquisition. One method of acquiring companies or otherwise funding our corporate activities is through the issuance of equity securities. For certain acquisitions, we have the option to issue shares of our common stock instead of paying cash for the related earn-out obligations. Such issuances could dilute our earnings per share as well as our existing shareholders' individual ownership percentages and could lead to volatility in our common stock price. Our Amended and Restated Articles of Incorporation provide that we may issue up to a total 145.0 million shares of common stock, of which approximately 76.6 million shares were outstanding as of December 31, 2019.

We are not restricted from issuing additional common stock. The issuance of additional shares of our common stock in connection with future acquisitions, convertible securities or other issuances of our common stock, including restricted stock awards, restricted stock units and/or options, or otherwise, will dilute the ownership interest of our common shareholders. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

We have a significant amount of debt. Our substantial indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations.

We have a significant amount of debt and substantial debt service requirements. This level of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations;
- our failure to comply with the financial and other restrictive covenants contained in our debt agreements, which could trigger events of default that could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions or strategic investments and other general corporate requirements, and limiting our ability to obtain additional financing for these purposes;
- increasing interest expense on variable rate indebtedness, including borrowings under our credit facility;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to changes in our business, the industry in which we operate and the general economy;
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged; and
- preventing us from paying dividends.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations. Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to meet our payment obligations and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital, and some of these activities may be on terms that are unfavorable or highly dilutive. Our

ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations.

The market price of our common stock has been, and may continue to be, highly volatile.

The market price of our common stock on the New York Stock Exchange has been volatile in recent years. We may continue to experience significant volatility in the market price of our common stock. Numerous factors could have a significant effect on the price of our common stock, including:

- announcements of fluctuations in our operating results or the operating results of one of our competitors;
- market conditions in our customers' industries;
- capital spending plans of our significant customers;
- global and domestic energy and fuel prices;
- announcements by us or one of our competitors of new or terminated customers or new, amended or terminated contracts;
- announcements of acquisitions by us or one of our competitors;
- changes in recommendations or earnings estimates by securities analysts;
- announcements of share repurchase programs, or repurchases of our common stock under existing repurchase programs; and
- sales of our common stock or other securities, including any shares issued in connection with business acquisitions or earn-out obligations for any past or future acquisitions.

In addition, the stock market has experienced significant price and volume fluctuations in recent years, which have sometimes been unrelated or disproportionate to operating performance. Volatility in the market price of our common stock could cause shareholders to lose some or all of their investment in our common stock.

A small number of our existing shareholders have the ability to influence major corporate decisions.

Jorge Mas, our Chairman, and José R. Mas, our Chief Executive Officer, beneficially owned approximately 23% of the outstanding shares of our common stock as of December 31, 2019. Accordingly, they are in a position to influence:

- the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets;
- the nomination of individuals to our Board of Directors; and
- a change in our control.

These factors may discourage, delay or prevent a takeover attempt that shareholders might consider in their best interests or that might result in shareholders receiving a premium for their common stock.

Our articles of incorporation and certain provisions of Florida law contain anti-takeover provisions that may make it more difficult to effect a change in our control.

Certain provisions of our articles of incorporation, by-laws and the Florida Business Corporation Act could delay or prevent an acquisition or change in control and the replacement of our incumbent directors and management, even if doing so might be beneficial to our shareholders by providing them with the opportunity to sell their shares possibly at a premium over the then market price of our common stock. For example, our Board of Directors is divided into three classes. At any annual meeting of our shareholders, our shareholders only have the right to appoint approximately one-third of the directors on our Board of Directors. Consequently, it will take at least two annual shareholder meetings to effect a change in control of our Board of Directors, which may discourage hostile takeover bids. In addition, our articles of incorporation authorize our Board of Directors, without further shareholder approval, to issue preferred stock. The issuance of preferred stock could also dilute the voting power of holders of our common stock, including the granting of voting control to others, which could delay or prevent an acquisition or change in control.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our operations are conducted from different locations, primarily within the United States and Canada, including our corporate headquarters located in Coral Gables, Florida. Substantially all of these properties, including our corporate headquarters, are leased facilities, none of which is material to our operations. We believe that our existing facilities are adequate for our current and planned levels of operation.

ITEM 3. LEGAL PROCEEDINGS

The information set forth in Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements in Item 8 of this Form 10-K is incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "MTZ."

Holders. As of February 24, 2020, there were 1,704 holders of record of our common stock. In calculating the number of shareholders, we consider clearing agencies and security position listings as one shareholder for each agency or listing.

Dividends. We have historically not paid cash dividends and do not currently anticipate paying a cash dividend. We intend to retain future earnings for reinvestment. Our Board of Directors will make any future determination as to the payment of dividends at its discretion, and this determination will depend upon our operating results, financial condition and capital requirements, general business conditions and such other factors that the Board of Directors considers relevant. In addition, our credit agreements prohibit us from paying cash dividends or making other distributions of our common stock without prior consent of the lender. The indenture governing our senior notes also contains covenants that restrict our ability to make certain payments including the payment of dividends. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources."

Issuer Purchases of Equity Securities. During the year ended December 31, 2019, we repurchased a total of 15,100 shares of our common stock under our share repurchase programs. See Note 11 - Equity, which is incorporated by reference, for additional information pertaining to our share repurchase programs.

The following table provides information about repurchases of our common stock during the three month period ended December 31, 2019:

	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased under the Programs (b)
October 1 through October 31	—	\$ —	—	\$ 128,846,586
November 1 through November 30	156	\$ 71.96	—	\$ 128,846,586
December 1 through December 31	—	\$ —	—	\$ 128,846,586
Total	156		—	

(a) Reflects shares withheld for income tax purposes in connection with shares issued under compensation and benefit programs.

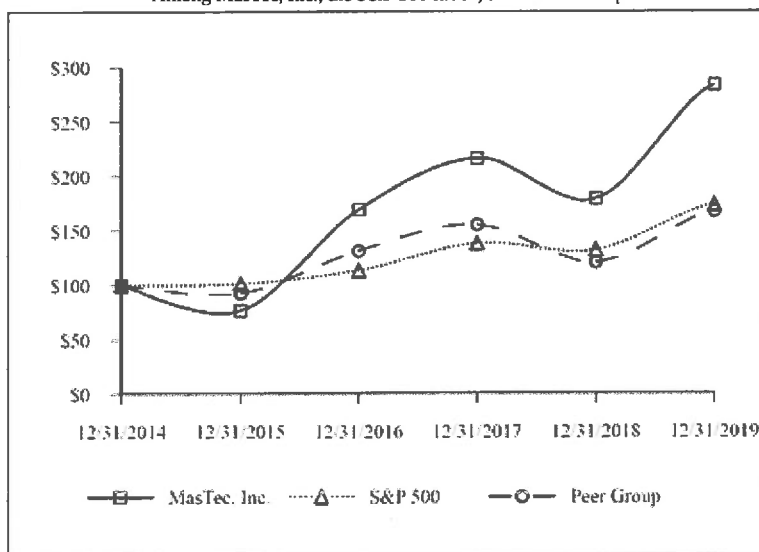
(b) As of December 31, 2019, the remaining amount available for share repurchases includes \$28.8 million under our \$150 million share repurchase program that was publicly announced on September 11, 2018, and the full amount of our \$100 million share repurchase program that was publicly announced on December 21, 2018.

Performance Graph

The performance graph below compares the cumulative five year total return for our common stock with the cumulative total return (including reinvestment of dividends) of the Standard and Poor's 500 Composite Stock Index ("S&P 500"), and with that of our peer group, which is composed of Quanta Services, Inc., MYR Group, Inc., Dycom Industries, Inc., Jacobs Engineering Group Inc. and Primoris Services Corporation. The graph assumes that the value of the investment in our common stock, as well as that of the S&P 500 and our peer group, was \$100 on December 31, 2014 and tracks it through December 31, 2019. The comparisons in the graph are based upon historical data and are not intended to forecast or be indicative of possible future performance of our common stock.

The performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among MasTec, Inc., the S&P 500 Index, and a Peer Group



*\$100 invested on 12/31/14 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

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As of December 31,	2014	2015	2016	2017	2018	2019
MasTec, Inc.	\$ 100.00	\$ 76.87	\$ 169.17	\$ 216.50	\$ 179.39	\$ 283.77
S&P 500	\$ 100.00	\$ 101.38	\$ 113.51	\$ 138.29	\$ 132.23	\$ 173.86
Peer Group	\$ 100.00	\$ 92.64	\$ 131.63	\$ 155.74	\$ 120.78	\$ 167.87

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data has been derived from our audited consolidated financial statements and should be read together with our audited consolidated financial statements and notes thereto, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in this Form 10-K. Our consolidated results of operations are not necessarily comparable from year to year due to the effect of acquisitions and certain other items, which are further described within MD&A.

For the Years Ended December 31,				
2019 ^(a)	2018 ^(b)	2017 ^(c)	2016	2015 ^(d)
(in millions, except per share amounts)				

Statement of Operations Data

Revenue	\$	7,183.2	\$	6,909.4	\$	6,607.0	\$	5,134.7	\$	4,208.3
Costs of revenue, excluding depreciation and amortization	\$	6,070.2	\$	5,939.3	\$	5,745.3	\$	4,442.1	\$	3,721.3
Net income (loss) from continuing operations	\$	394.1	\$	259.2	\$	348.9	\$	134.0	\$	(79.7)
Net income (loss) attributable to MasTec, Inc.	\$	392.3	\$	259.7	\$	347.2	\$	131.3	\$	(79.1)
Earnings (loss) per share from continuing operations:										
Basic	\$	5.22	\$	3.30	\$	4.29	\$	1.63	\$	(0.98)
Diluted	\$	5.17	\$	3.26	\$	4.22	\$	1.61	\$	(0.98)

- (a) Our 2019 results include \$3.3 million of pre-tax intangible asset impairment charges. See Note 3 - Goodwill and Other Intangible Assets in the notes to the consolidated financial statements, which is incorporated by reference, for additional information.
- (b) Our 2018 results include \$47.7 million of pre-tax goodwill impairment charges. See Note 3 - Goodwill and Other Intangible Assets in the notes to the consolidated financial statements, which is incorporated by reference, for additional information.
- (c) Our 2017 results include a non-cash tax benefit of \$120.1 million related to the 2017 Tax Act. See Note 12 - Income Taxes in the notes to the consolidated financial statements, which is incorporated by reference, for additional information.
- (d) Our 2015 results include \$78.6 million of pre-tax goodwill and intangible asset impairment charges.

As of December 31,				
2019	2018	2017	2016	2015
(in millions)				

Balance Sheet Data

Working capital	\$	954.4	\$	885.4	\$	888.5	\$	562.5	\$	377.2
Property and equipment, net	\$	905.8	\$	747.8	\$	706.5	\$	549.1	\$	558.7
Total assets	\$	4,997.0	\$	4,440.0	\$	4,066.6	\$	3,183.1	\$	2,927.3
Total debt	\$	1,432.5	\$	1,406.9	\$	1,368.6	\$	1,026.0	\$	1,010.3
Total equity	\$	1,791.7	\$	1,392.0	\$	1,433.4	\$	1,103.6	\$	943.4

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our business, financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes thereto in Item 8 of this Form 10-K. The discussion below contains forward-looking statements that are based upon our current expectations and is subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in "Cautionary Statement Regarding Forward-Looking Statements" and Item 1A. "Risk Factors."

Business

See Item 1. "Business" for discussion pertaining to our business and reportable segments.

Recent acquisitions. During the year ended December 31, 2019, we completed six acquisitions, one of which specializes in water infrastructure for pipeline companies and is included within our Oil and Gas segment, four of which are included within our Communications segment, including a wireline/fiber deployment construction contractor and a telecommunications company specializing in a broad range of end-to-end wireless telecommunications solutions, and one of which specializes in construction projects in the power industry and is included in our Power Generation and Industrial segment. During the year ended December 31, 2018, we completed two acquisitions, including a construction management firm specializing in steel building systems and a wind turbine services company, both of which are included in our Power Generation and Industrial segment. For additional information, see Note 3 - Goodwill and Other Intangible Assets in the notes to the audited consolidated financial statements, which is incorporated by reference.

Economic, Industry and Market Factors

We closely monitor the effects of changes in economic and market conditions on our customers. General economic and market conditions can negatively affect demand for our customers' products and services, which can affect our customers' planned capital and maintenance budgets in certain end-markets. Market, regulatory and industry factors could affect demand for our services, including (i) changes to our customers' capital spending plans; (ii) new or changing regulatory requirements or other governmental policy changes or uncertainty; (iii) economic, market or political developments; (iv) mergers and acquisitions among the customers we serve; (v) changes in technology, tax and other incentives; and (vi) access to capital for customers in the industries we serve. Availability of transportation and transmission capacity and fluctuations in market prices for oil, gas and other fuel sources can also affect demand for our services, in particular, on pipeline and power generation construction services. These fluctuations, as well

as the highly competitive nature of our industry, can result in lower bids and lower profit on the services we provide. In the face of increased pricing pressure or other market developments, we strive to maintain our profit margins through productivity improvements, cost reduction programs and/or business streamlining efforts. While we actively monitor economic, industry and market factors that could affect our business, we cannot predict the effect that changes in such factors may have on our future results of operations, liquidity and cash flows, and we may be unable to fully mitigate, or benefit from, such changes.

Effect of Seasonality and Cyclical Nature of Business

Our revenue and results of operations can be subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, project schedules, holidays and timing, in particular, for large, non-recurring projects. Typically, our revenue is lowest at the beginning of the year and during the winter months because cold, snowy or wet conditions cause project delays. Revenue is generally higher during the summer and fall months due to increased demand for our services when favorable weather conditions exist in many of the regions in which we operate, but continued cold and wet weather can often affect second quarter productivity. In the fourth quarter, many projects tend to be completed by customers seeking to spend their capital budgets before the end of the year, which generally has a positive effect on our revenue. However, the holiday season and inclement weather can cause delays, which can reduce revenue and increase costs on affected projects. Any quarter may be positively or negatively affected by adverse or unusual weather patterns, including warm winter weather, excessive rainfall, flooding or natural catastrophes such as hurricanes or other severe weather, making it difficult to predict quarterly revenue and margin variations.

Additionally, our industry can be highly cyclical. Fluctuations in end-user demand within the industries we serve, or in the supply of services within those industries, can affect demand for our services. As a result, our business may be adversely affected by industry declines or by delays in new projects. Variations in project schedules or unanticipated changes in project schedules, in particular, in connection with large construction and installation projects, can create fluctuations in revenue, which may adversely affect us in a given quarter, even if not for the full year. In addition, revenue from master service and other service agreements, while generally predictable, can be subject to volatility. The financial condition of our customers and their access to capital; variations in project margins; regional, national and global economic, political and market conditions; regulatory or environmental influences; and acquisitions, dispositions or strategic investments/other arrangements can also materially affect quarterly results in a given period. Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

Understanding Our Results of Operations

Revenue. We provide engineering, building, installation, maintenance and upgrade services to our customers. We derive revenue from projects performed under master and other service agreements as well as from contracts for specific projects requiring the construction and installation of an entire infrastructure system or specified units within an infrastructure system. See Item 1. "Business" for discussion of our business and revenue-generating activities and "Comparison of Fiscal Year Results" below for revenue results by reportable segment.

Costs of Revenue, Excluding Depreciation and Amortization. Costs of revenue, excluding depreciation and amortization, consists principally of salaries, employee incentives and benefits, subcontracted services, equipment rentals and repairs, fuel and other equipment expenses, material costs, parts and supplies, insurance and facilities expenses. Project profit is calculated by subtracting a project's costs of revenue, including project-related depreciation, from project revenue. Project profitability and corresponding project margins will generally be reduced if actual costs to complete a project exceed our project cost estimates. Estimated losses on contracts, or the excess of estimated costs to complete a contract over the contract's remaining revenue, are recognized in the period in which such losses are determined. Factors impacting our costs of revenue, excluding depreciation and amortization, include:

Project Mix. The mix of revenue derived from the projects we perform impacts overall project margins, as margin opportunities can vary by project. For example, installation work, which is often performed on a fixed price basis, has a higher level of margin risk than maintenance or upgrade work, which is often performed under pre-established or time and materials pricing arrangements. As a result, changes in project mix between installation work and maintenance or upgrade services can affect our project margins in a given period. Our project mix by industry can also affect our overall margins, as project margins can vary by industry and over time.

Seasonality, Weather and Geographic Mix. Seasonal patterns, which can be affected by weather conditions, can have a significant effect on project margins. Adverse or favorable weather conditions can affect project margins in a given period. For example, extended periods of rain or snowfall can negatively affect revenue and project margins due to reduced productivity from projects being delayed or temporarily halted. Conversely, when weather remains dry and temperatures are accommodating, more work can be done, sometimes with less cost, which can favorably affect project margins. In addition, the mix of business conducted in different geographic areas can affect project margins due to the particular characteristics of the physical locations where work is being performed, such as mountainous or rocky terrain versus open terrain. Site conditions, including unforeseen underground conditions, can also affect project margins.

Price and Performance Risk. Overall project margins may fluctuate due to project pricing, changes in the cost of labor and materials, job productivity and work volume. Job productivity can be affected by quality of the work crew and equipment, the quality of engineering specifications and designs, availability of skilled labor, environmental or regulatory factors, customer decisions or delays and crew productivity. Crew productivity can be influenced by weather conditions and job terrain, such as whether project work is in a right of way that is open or one that has physical obstructions or legal encumbrances.

Subcontracted Resources. Our use of subcontracted resources in a given period is dependent upon activity levels and the amount and location of existing in-house resources and capacity. Project margins on subcontracted work can vary from those on self-perform work. As a result, changes in the mix of subcontracted resources versus self-perform work can affect our overall project margins.

Material versus Labor Costs. In many cases, our customers are responsible for supplying their own materials on projects; however, under certain contracts, we may agree to provide all or part of the required materials. Project margins are typically lower on projects where we furnish a significant amount of materials due to the fact that margins on materials are generally lower than margins on labor costs. Therefore, increases in the percentage of work with significant materials requirements could decrease our overall project margins.

General and Administrative Expense. General and administrative expenses consist principally of compensation and benefit expenses, travel expenses and related costs for our finance, benefits, insurance and risk management, legal, facilities, information technology services and executive functions. General and administrative expenses also include non-cash stock-based compensation expense, outside professional and accounting fees, expenses associated with information technology used in administration of the business, acquisition costs, including those related to acquisition integration, and certain restructuring charges.

Interest Expense, Net. Interest expense, net, consists of contractual interest expense on outstanding debt obligations, amortization of deferred financing costs and other interest expense, including interest expense related to financing arrangements. Interest expense is offset, in part, by interest earned on cash and other investments.

Other Income or Expense. Other income or expense consists primarily of gains or losses from sales, disposals of, or changes in estimated recoveries from assets and investments, certain legal/other settlements, gains or losses from changes to estimated earn-out accruals and certain purchase accounting adjustments.

Financial Performance Metrics

Our senior management team regularly reviews certain key financial performance metrics within our business, including:

- revenue and profitability on an overall basis, by reportable segment and for selected projects;
- revenue by customer and by contract type;
- costs of revenue, excluding depreciation and amortization; general and administrative expenses; depreciation and amortization; interest expense, net; other income or expense; and provision for income taxes;
- earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA, which is EBITDA excluding certain items that may not be indicative of our core operating results, as well as items that can vary widely across different industries or among companies within the same industry. See discussion of our non-U.S. GAAP financial measures following the “Comparison of Fiscal Year Results” section below;
- earnings per share and adjusted earnings per share, as defined in our non-U.S. GAAP financial measures discussion;
- days sales outstanding, net of deferred revenue; and days payable outstanding;
- interest and debt service coverage ratios; and
- liquidity and cash flows.

Management's analysis includes detailed discussions of proposed investments in new business opportunities or property and equipment, productivity improvement efforts, acquisition integration efforts, strategic arrangement opportunities and working capital and other capital management efforts. Measuring these key performance indicators is an important tool used by management to make informed and timely operational decisions, which we believe can help us improve our performance.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations is based upon our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported in our audited consolidated financial statements and the accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis of making judgments about our operating results, including the results of construction contracts accounted for under the cost-to-cost method, and the carrying values of assets and liabilities that are not readily apparent from other sources. Given that management estimates, by their nature, involve judgments regarding future uncertainties, actual results may differ from these estimates if conditions change or if certain key assumptions used in making these estimates ultimately prove to be inaccurate. Our accounting policies and critical accounting estimates are reviewed periodically by the Audit Committee of the Board of Directors.

We believe that our accounting estimates pertaining to: the recognition of revenue and project profit or loss, which we define as project revenue, less project costs of revenue, including project-related depreciation, in particular, on construction contracts accounted for under the cost-to-cost method, for which the recorded amounts require estimates of costs to complete and the amount and probability of variable consideration included in the contract transaction price; fair value estimates, including those related to acquisitions, valuations of goodwill, indefinite-lived intangible assets and acquisition-related contingent consideration; income taxes; self-insurance liabilities; and litigation and other contingencies, are the most critical in the preparation of our consolidated financial statements as they are important to the portrayal of our financial condition and require significant or complex judgment and estimates on the part of management. Actual results could, however, vary materially from these accounting estimates. Refer to Note 1 - Business, Basis of Presentation and Significant Accounting Policies in the notes to the audited consolidated financial statements, which is incorporated by reference, for discussion of our significant accounting policies.

Revenue Recognition

We recognize revenue from contracts with customers under Accounting Standards Codification (“ASC”) Topic 606 (“Topic 606”). Under Topic 606, revenue is recognized when, or as, control of promised goods and services is transferred to customers, and the amount of revenue recognized reflects the consideration to which an entity expects to be entitled in exchange for the goods and services transferred. We primarily recognize revenue over time utilizing the cost-to-cost measure of progress on contracts for specific projects and for certain master service and other service agreements.

Contracts. We derive revenue primarily from construction projects performed under: (i) master and other service agreements, which provide a menu of available services in a specific geographic territory that are utilized on an as-needed basis, and are typically priced using either a time and materials or a fixed price per unit basis; and (ii) contracts for specific projects requiring the construction and installation of an entire infrastructure system or specified units within an infrastructure system, which are subject to multiple pricing options, including fixed price, unit price, time and materials, or cost plus a markup.

The total contract transaction price and cost estimation processes used for recognizing revenue over time under the cost-to-cost method is based on the professional knowledge and experience of our project managers, engineers and financial professionals. Management reviews estimates of total contract transaction price and total project costs on an ongoing basis. Changes in job performance, job conditions and management's assessment of expected variable consideration are factors that influence estimates of the total contract transaction price, total costs to complete those contracts and our profit recognition. Changes in these factors could result in revisions to revenue in the period in which the revisions are determined, which could materially affect our consolidated results of operations for that period. Provisions for losses on uncompleted contracts are recorded in the period in which such losses are determined. For the year ended December 31, 2019, project profit was affected by less than 5% as a result of changes in contract estimates included in projects that were in process as of December 31, 2018. Revenue recognized for the year ended December 31, 2019 as a result of changes in total contract transaction price estimates, including from variable consideration, from performance obligations satisfied or partially satisfied in prior periods, totaled approximately \$58.3 million.

Performance Obligations. A performance obligation is a contractual promise to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. Our contracts often require significant services to integrate complex activities and equipment into a single deliverable, and are therefore generally accounted for as a single performance obligation, even when delivering multiple distinct services. Contract amendments and change orders, which are generally not distinct from the existing contract, are typically accounted for as a modification of the existing contract and performance obligation. The vast majority of our performance obligations are completed within one year.

When more than one contract is entered into with a customer on or close to the same date, management evaluates whether those contracts should be combined and accounted for as a single contract as well as whether those contracts should be accounted for as one, or more than one, performance obligation. This evaluation requires significant judgment and is based on the facts and circumstances of the various contracts.

Variable Consideration. Transaction prices for our contracts may include variable consideration, which comprises items such as change orders, claims and incentives. Management estimates variable consideration for a performance obligation utilizing estimation methods that we believe best predict the amount of consideration to which we will be entitled. Variable consideration is included in the estimated transaction price if it is probable that when the uncertainty associated with the variable consideration is resolved, there will not be a significant reversal of the cumulative amount of revenue that has been recognized. Management's estimates of variable consideration and the determination of whether to include estimated amounts in transaction prices are based largely on engineering studies and legal opinions, past practices with the customer, specific discussions, correspondence or preliminary negotiations with the customer and all other relevant information that is reasonably available at the time of the estimate. The effect of variable consideration on the transaction price of a performance obligation is typically recognized as an adjustment to revenue on a cumulative catch-up basis, as such variable consideration, which typically pertains to changed conditions and scope, is generally for services encompassed under the existing contract. To the extent unapproved change orders, claims and other variable consideration reflected in transaction prices are not resolved in our favor, or to the extent incentives reflected in transaction prices are not earned, there could be reductions in, or reversals of, previously recognized revenue.

As of December 31, 2019, we included approximately \$27 million of change orders and/or claims in transaction prices for certain contracts that were in the process of being resolved in the ordinary course of business, including through negotiation, arbitration and other proceedings. These transaction price adjustments, when earned, are included within contract assets or accounts receivable, net of allowance, as appropriate. As of December 31, 2019, these change orders and/or claims were primarily related to certain projects in our Oil and Gas segment. We actively engage with our customers to complete the final approval process, and generally expect these processes to be completed within one year. Amounts ultimately realized upon final agreement by customers could be higher or lower than such estimated amounts.

Business Combinations

The determination of the fair value of net assets acquired in a business combination and estimates of acquisition-related contingent consideration, which, for our acquisitions are primarily "earn-out" liabilities, requires estimates and judgments of future cash flow expectations for the acquired business and the related identifiable tangible and intangible assets. Fair values of net assets acquired are calculated using expected cash flows and industry-standard valuation techniques. Fair values of earn-out liabilities are estimated using income approaches such as discounted cash flows or option pricing models.

Due to the time required to gather and analyze the necessary data for each acquisition, U.S. GAAP provides a "measurement period" of up to one year in which to finalize these fair value determinations. During the measurement period, preliminary fair value estimates may be revised if new information is obtained about the facts and circumstances existing as of the date of acquisition, or based on the final net assets and working capital of the acquired business, as prescribed in the applicable purchase agreement. Such adjustments may result in the recognition, or adjust the fair values, of acquisition-related assets and liabilities and/or consideration paid, and are referred to as "measurement period" adjustments. Other revisions to these fair value estimates are reflected as income or expense, as appropriate. For the year ended December 31, 2019, the effect of other fair value adjustments for acquisitions was a net expense of \$51 million and related to earn-out arrangements.

Significant changes in the assumptions or estimates used in the underlying valuations, including the expected profitability or cash flows of an acquired business, could materially affect our operating results in the period such changes are recognized.

Goodwill and Indefinite-Lived Intangible Assets

We have goodwill and indefinite-lived intangible assets that have been recorded in connection with our acquisitions of businesses. Goodwill

and indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually. We perform our annual impairment tests of goodwill and indefinite-lived intangible assets during the fourth quarter of each year, and on a quarterly basis, we monitor these assets for potential indicators of impairment. Goodwill is required to be tested for impairment at the reporting unit level. A reporting unit is an operating segment, or one level below the operating segment, which is referred to as a component. We combine all of the components of our Electrical Transmission operating segment into one reporting unit and combine two of the components within our Power Generation and Industrial operating segment into one reporting unit. All of our other components each comprise one reporting unit.

Following is a summary of goodwill and indefinite-lived intangible assets by segment as of December 31, 2019:

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Total
Goodwill (in millions)	\$ 541.3	\$ 377.6	\$ 149.9	\$ 152.6	\$ 1,221.4
Percentage of total	44.3%	30.9%	12.3%	12.5%	100.0%
Indefinite-lived intangible assets (in millions)	\$ 0.2	\$ 41.4	\$ 31.3	\$ 34.5	\$ 107.4
Percentage of total	0.2%	38.5%	29.1%	32.1%	100.0%

For the year ended December 31, 2019, we performed a qualitative assessment for our goodwill and indefinite-lived intangible assets by examining relevant events and circumstances that could have an effect on their fair values, such as: macroeconomic conditions, industry and market conditions, entity-specific events, financial performance and other relevant factors or events that could affect earnings and cash flows.

Based on the results of the qualitative assessments for the year ended December 31, 2019, we performed quantitative testing for (i) three reporting units within our Oil and Gas operating segment and (ii) one reporting unit in the Communications segment. We also performed quantitative testing during 2019 for an indefinite-lived pre-qualification intangible asset in our Oil and Gas operating segment. Factors considered by management in determining the reporting units and indefinite-lived pre-qualification intangible assets for which quantitative assessments were performed included the effects of current or expected changes in market conditions on the future business outlook, success rates on new project awards and levels of operating activity.

For the reporting units for which quantitative testing was performed, we estimated their fair values using a combination of market and income approaches. Under the market approach, fair values were estimated using published market multiples for comparable companies and applying them to revenue and EBITDA. Under the income approach, a discounted cash flow methodology was used, considering: (i) management estimates, such as projections of revenue, operating costs and cash flows, taking into consideration historical and anticipated financial results; (ii) general economic and market conditions; and (iii) the impact of planned business and operational strategies. Estimated discount rates were determined using the weighted average cost of capital for each reporting unit at the time of the analysis, taking into consideration the risks inherent within each reporting unit individually. Significant assumptions used in testing the reporting units included terminal values based on terminal growth rates of 3.0%, five to nine years of discounted cash flows prior to the terminal value, and discount rates ranging from 13.0% to 16.0%. We believe the assumptions used in our quantitative goodwill impairment tests are reflective of the risks inherent in the business models of our reporting units and within our industry.

Based on the results of the quantitative assessment, the estimated fair values of the reporting unit within our Communications operating segment and one of the reporting units within our Oil and Gas operating segment were determined to substantially exceed their carrying values. The remaining two reporting units in our Oil and Gas operating segment, each of which had approximately \$15 million of goodwill, had estimated fair values that exceed their respective carrying values by approximately 15.0%. A 100 basis point increase in the discount rate would not have resulted in any of the reporting units' carrying values exceeding their fair values.

For the indefinite-lived pre-qualification intangible asset for which quantitative testing was performed, we estimated the fair value of the intangible asset using a cost methodology, incorporating estimates of the opportunity cost associated with the asset's loss based on discounted cash flows over a four-year period. The impairment test incorporated an estimated discount rate of 13.0%. Based on the results of the quantitative assessment, the estimated fair value of the indefinite-lived pre-qualification intangible asset in our Oil and Gas operating segment was determined to be less than its carrying value and a pre-tax, non-cash impairment charge of \$3.3 million was recorded for the difference. This indefinite-lived pre-qualification intangible asset had a carrying value of \$41.4 million remaining as of December 31, 2019.

As of December 31, 2019, we believe that the recorded balances of goodwill and indefinite-lived intangible assets are recoverable; however, significant changes in the assumptions or estimates used in our impairment analyses, such as a reduction in profitability and/or cash flows, could result in non-cash goodwill and indefinite-lived intangible asset impairment charges in future periods.

See Note 1 - Business, Basis of Presentation and Significant Accounting Policies and Note 3 - Goodwill and Other Intangible Assets in the notes to the audited consolidated financial statements, which are incorporated by reference, for additional discussion.

Income Taxes

Our provision for income taxes uses an effective tax rate based on annual pre-tax income, statutory tax rates, permanent tax differences and tax planning opportunities in the various jurisdictions in which we operate. Significant factors that can affect our annual effective tax rate include our assessment of certain tax matters, the location and amount of taxable earnings, changes in certain non-deductible expenses and expected credits. Although we believe our provision for income taxes is correct and the related assumptions are reasonable, the final outcome of tax matters could be materially different from what we currently anticipate, which could result in significant costs or benefits to us. In December 2017, the 2017 Tax Act was enacted, which includes broad tax reform that was applicable to the Company. See Note 12 - Income Taxes in the notes to the audited consolidated financial statements, which is incorporated by reference, for additional discussion.

In the ordinary course of business, there is inherent uncertainty in quantifying income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based on our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recognized the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in our financial statements.

We file income tax returns in numerous tax jurisdictions, including U.S. federal, most U.S. states and certain foreign jurisdictions. Although we believe our calculations for tax returns are correct and the positions taken thereon are reasonable, the final outcome of income tax examinations could be materially different from our expectations and the estimates that are reflected in our consolidated financial statements, which could have a material effect on our results of operations, cash flows and liquidity.

Self-Insurance

We are self-insured up to the amount of our deductible for our insurance policies. Liabilities under our insurance programs are accrued based upon our estimate of the ultimate liability for claims, with assistance from third-party actuaries. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly, however, these insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties and the number of incidents not reported. Accruals are based upon known facts and historical trends. Although we believe such accruals are adequate, a change in experience or actuarial assumptions could materially affect our results of operations in a particular period.

Litigation and Contingencies

Accruals for litigation and contingencies are based on our assessment, including advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings and/or the expected resolution of contingencies. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount is reasonably estimable. Accruals are based on information available at the time of the assessment due to the uncertain nature of such matters. As additional information becomes available, we reassess potential liabilities related to pending claims and litigation and may revise previous estimates, which could materially affect our results of operations in a given period.

2020 Outlook

We expect market opportunities in the following areas, as more fully described in Item 1. Business above:

Opportunities in our Communications Segment. Significant advances in technology and rapid innovation in service offerings to data consumers continue to increase demand for faster and more reliable wireless and wireline/fiber communications network services. As a result of increased usage of mobile devices, combined with advancements in the IoT, the amount of data affecting network traffic is expected to experience significant and accelerating levels of future growth. In response to these growing demands, CSPs are expanding, densifying and optimizing current wireless and wireline/fiber communications network capacity, while initiating a build-out of 5G infrastructure, the next generation of wireless and fixed wireless network capacity. Large scale 5G deployments, which are expected over the next several years, will include additional and improved tower capacity, as well as deployment of numerous higher bandwidth small/micro cells and distributed antenna systems to densify network performance. In addition, nationwide fiber projects in support of 5G technologies, such as Verizon's 'One Fiber' program, continue to expand to support network densification, data capacity and speed. We believe that the initiation of nationwide 5G tower deployments, deployment of small/micro cells, initiation of fiber projects to support 5G, initial deployment and subsequent capacity additions to FirstNet™, as well as an expected increase in activity levels for various nationwide CSPs subsequent to expected industry merger activity, will lead to significant increases in 5G telecommunications capital expenditures over multiple years.

Leveraging our expertise in home installation and our existing network of technicians, we believe that we will also benefit from opportunities driven by customers seeking to expand their service offerings in the areas of home automation, connected home security monitoring and control, home entertainment offerings and commercial energy management solutions. We believe that opportunities for installation and maintenance of both Smart City and smart home technologies will over time provide our install-to-the-home group opportunities for future growth, providing an offset to declining trends in subscribership for satellite TV.

We believe that we are well-positioned, as one of the largest providers of communications infrastructure services, to substantially benefit from the expected multi-year significant and broad opportunities in the telecommunications market as previously described. These initiatives are expected to drive communications infrastructure investment, as reflected in our strong level of Communications segment backlog as of December 31, 2019.

Opportunities in our Oil and Gas Segment. We are one of the largest pipeline contractors in North America, with a balanced portfolio of service offerings, including union and non-union services, for the construction and maintenance of large diameter ("long-haul") pipeline, midstream pipeline, gathering lines and related compressor and pumping stations and treatment plants. Demand for pipeline infrastructure and the related level of oil, natural gas and product pipeline construction activity has grown significantly in recent years as technological advances and increasingly cost-effective drilling, completion and production have significantly increased producible North American oil and natural gas reserves. The effect of these advances

on oil and gas production activities in North America has also driven changes in the geographic locations of North American energy production. The increase in oil and natural gas production across multiple basins, such as the Permian, Bakken and Marcellus/Utica basins, has led the industry to initiate actions to address 'takeaway' capacity issues, whereby more pipeline infrastructure is required to move production to market. As a result, construction of additional pipeline capacity across multiple basins and throughout the U.S. is underway and in plans for future development to improve available distribution and reduce transportation costs.

According to the DOE's Short-Term Energy Outlook 2020, the U.S., which was already a net exporter of natural gas, also became a net exporter of oil for the first time since the early twentieth century. Additionally, industry reporting indicates that the abundance of low-cost North American natural gas will continue to drive growth of natural gas as a source of lower-carbon power generation, both in the U.S. and abroad. Additionally, in recent years, demand for LNG exports has risen dramatically, driven in part by the easing of certain export regulations, which is expected to drive construction of pipeline infrastructure for the transport of LNG to coastal export facilities in North America.

These trends are expected to continue to drive demand for North American oil and gas production, creating opportunities for new pipeline infrastructure throughout. Significant investment in pipeline infrastructure will be required to move the increased volumes of oil and gas production to refining centers, distribution hubs, LNG export facilities and industrial users throughout North America, as well as to meet demand resulting from the desire to convert the transportation of oil and gas from traditional methods, such as truck and rail transport, to lower cost and safer pipeline infrastructure. In addition to potential opportunities in the U.S., initiatives in Mexico are expected to provide long-term growth opportunities. We anticipate that demand for pipeline infrastructure in North America will provide continued opportunities for years to come, and that our diverse capabilities and expertise will enable us to continue to be a leading service provider in this market. We also believe that future opportunities exist for upgrades to existing pipeline infrastructure, including pipeline integrity and maintenance upgrades, replacement and modernization efforts, including digitization and other technology upgrades and upgrades to address safety regulations.

We believe that the above-mentioned trends will support continued levels of project activity, continuing a multi-year cycle of demand for pipeline construction projects, and that we are well-positioned to benefit from these trends.

Opportunities in our Electrical Transmission Segment. We believe that the nation's aging electrical grid will continue to require significant ongoing maintenance, upgrade and expansion to continue delivery of reliable and affordable power, as well as to address future grid resiliency and changing energy supply and distribution requirements. Increased investment in electrical infrastructure will be required to address power line congestion and to avoid delivery failure during peak periods, as well as to modernize the grid and strengthen aging infrastructure to withstand weather events, natural disasters and cyber threats. In addition, clean energy production trends are expected to lead to additional electric infrastructure investment, with shifting trends in power generation to cleaner energy sources, such as natural gas and renewables, while older power plants, including coal-fired and nuclear plants are retired or repurposed.

Future demand for electrical transmission and distribution infrastructure is also expected to result from grid resiliency efforts, technological advances, digitization, expected growth in usage of electric/hybrid vehicles, Smart City initiatives and the continued development of electrical power generation from renewable power sources, among others. The expected growth in demand for, and deployment of, electrical power generation from renewable energy sources will require significant investment in transmission lines, as wind and solar power generation resources are typically located in remote areas of the country, far from industrial users and major population centers. Growth in electrical power generation from renewable sources in the U.S. will require the grid to be updated. We believe significant capital investment in the transmission and distribution system will continue to be required to support these needs. We have proven expertise in handling complex and high voltage electrical transmission projects and believe that we are well-positioned for these opportunities.

Opportunities in our Power Generation and Industrial Segment. Growing concerns with climate change, the desire to reduce greenhouse gas emissions and growing corporate initiatives for smaller, standalone distributed generation facilities, together with certain regulatory and other policy initiatives at the federal, state and municipal levels, have spurred demand for 'clean' energy production from sustainable power sources, including environmentally sensitive electrical power production from renewable sources such as wind, solar and biomass. Currently, almost 40 states, as well as the District of Columbia and four territories, have adopted RPS or renewable energy goals to diversify their energy resources, promote domestic energy production and encourage economic development. Renewable energy policies have helped to drive the U.S. market for wind, solar and other renewable energy sources. In addition, growing efforts to address electric grid resiliency are expected to drive growth in renewables, as utilities and their customers increasingly consider renewable microgrids combined with energy storage solutions to support critical facilities. Advancing technologies and improvements in cost and scalability of renewable energy projects are making these energy sources, particularly solar power projects, increasingly competitive. As a result, we expect these trends will continue to drive demand for construction of renewable infrastructure in the coming years.

In addition, we believe that replacement and repowering of existing wind turbines and foundations with next generation, higher efficiency turbines, as well as maintenance of aging wind farms will provide increased opportunities for wind infrastructure projects. Industrial plant construction opportunities exist in a wide variety of industries, including in the renewable energy industry, as power companies explore ways to reduce their carbon footprint. The low price and environmental advantage of cleaner burning natural gas is expected to continue to drive demand for gas-fired electrical generating plants and conversions of coal-fired power plants to natural gas. A wide variety of industries may seek to expand, convert or construct new plants to take advantage of this economical, cleaner, lower cost and lower carbon fuel source. Biofuel and biomass as alternative fuel sources also present opportunities for the renewable energy market. Industrial facilities and power plants in the biofuels/biomass, food processing, natural gas, petroleum and related industries present opportunities as additional domestic energy reserves are produced, transported and processed.

We are one of the leading renewables contractors in North America, with expertise in wind, solar and biomass, as well as industrial and other power plant construction, and expect to benefit from these market trends.

See Item 1 "Business - Industry Trends" for additional information on the outlook for the industries we serve. Our 2020 results could be adversely affected by the matters discussed in the "Cautionary Statement Regarding Forward-Looking Statements," Item 1A. "Risk Factors" and Item 3. "Legal Proceedings" of this Form 10-K.

Comparison of Fiscal Year Results

The following table, which may contain slight summation differences due to rounding, reflects our consolidated results of operations in dollar and percentage of revenue terms for the periods indicated (dollar amounts in millions). Our consolidated results of operations are not necessarily comparable from period to period due to the effect of recent acquisitions and certain other items, which are described in the comparison of results section below.

	For the Years Ended December 31,					
	2019		2018		2017	
Revenue	\$ 7,183.2	100.0 %	\$ 6,909.4	100.0 %	\$ 6,607.0	100.0 %
Costs of revenue, excluding depreciation and amortization	6,070.2	84.5 %	5,939.3	86.0 %	5,745.3	87.0 %
Depreciation and amortization	235.5	3.3 %	212.9	3.1 %	188.0	2.8 %
Goodwill and intangible asset impairment	3.3	0.0 %	47.7	0.7 %	—	— %
General and administrative expenses	299.5	4.2 %	287.3	4.2 %	275.1	4.2 %
Interest expense, net	77.0	1.1 %	82.6	1.2 %	61.0	0.9 %
Equity in earnings of unconsolidated affiliates	(27.4)	(0.4)%	(23.9)	(0.3)%	(21.3)	(0.3)%
Other expense (income), net	14.0	0.2 %	(1.8)	0.0 %	(13.0)	(0.2)%
Income before income taxes	\$ 510.9	7.1 %	\$ 365.3	5.3 %	\$ 371.8	5.6 %
Provision for income taxes	(116.8)	(1.6)%	(106.1)	(1.5)%	(22.9)	(0.3)%
Net income	\$ 394.1	5.5 %	\$ 259.2	3.8 %	\$ 348.9	5.3 %
Net income (loss) attributable to non-controlling interests	1.8	0.0 %	(0.4)	(0.0) %	1.7	0.0 %
Net income attributable to MasTec, Inc.	\$ 392.3	5.5 %	\$ 259.7	3.8 %	\$ 347.2	5.3 %

We review our operating results by reportable segment. See Note 13 - Segments and Related Information in the notes to the audited consolidated financial statements, which is incorporated by reference. Our reportable segments are: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. Management's review of reportable segment results includes analyses of trends in revenue, EBITDA and EBITDA margin. EBITDA for segment reporting purposes is calculated consistently with our consolidated EBITDA calculation. See the discussion of our non-U.S. GAAP financial measures, including certain adjusted non-U.S. GAAP measures, as described, following the comparison of results discussion below. The following table presents revenue, EBITDA and EBITDA margin by reportable segment for the periods indicated (dollar amounts in millions):

	For the Years Ended December 31,								
Reportable Segment:	Revenue			EBITDA and EBITDA Margin					
	2019	2018	2017	2019		2018		2017	
Communications	\$ 2,618.8	\$ 2,556.8	\$ 2,424.4	\$ 208.8	8.0%	\$ 290.4	11.4%	\$ 247.4	10.2%
Oil and Gas	3,117.2	3,288.7	3,497.2	634.2	20.3%	451.6	13.7%	402.2	11.5%
Electrical Transmission	413.9	397.3	378.2	29.5	7.1%	10.5	2.6%	17.6	4.7%
Power Generation and Industrial	1,034.3	665.0	299.9	40.1	3.9%	40.4	6.1%	22.6	7.5%
Other	0.2	3.5	20.8	26.5	NM	24.4	689.3%	19.8	95.0%
Eliminations	(1.2)	(1.9)	(13.5)	—	—	—	—	—	—
Corporate	—	—	—	(115.7)	NA	(156.4)	NA	(88.7)	NA
Consolidated Results	\$ 7,183.2	\$ 6,909.4	\$ 6,607.0	\$ 823.4	11.5%	\$ 660.8	9.6%	\$ 620.9	9.4%

NM - Percentage is not meaningful

Comparison of Years Ended December 31, 2019 and 2018

Revenue. For the year ended December 31, 2019, consolidated revenue totaled \$7,183 million as compared with \$6,909 million in 2018, an increase of \$274 million, or 4%. Revenue increases in our Power Generation and Industrial segment of \$369 million, or 56%, in our Communications segment of \$62 million, or 2%, and in our Electrical Transmission segment of \$17 million, or 4%, were partially offset by decreases in revenue in our Oil and Gas segment of \$171 million, or 5%, and in our Other segment of \$3 million, or 94%. Acquisitions contributed \$188 million in revenue for the year ended December 31, 2019, and organic revenue increased by approximately \$85 million, or 1%, as compared with 2018.

Communications Segment. Communications revenue was \$2,619 million in 2019, as compared with \$2,557 million in 2018, an increase of \$62 million, or 2%. Organic revenue increased by approximately \$28 million, or 1%, as compared with 2018, and acquisitions contributed \$34 million of revenue for the year ended December 31, 2019. The increase in organic revenue was primarily driven by higher levels of wireless and wireline/fiber revenue, partially offset by a decrease in storm restoration services and in install-to-the-home revenue as compared with 2018.

Oil and Gas Segment. Oil and Gas revenue was \$3,117 million in 2019, as compared with \$3,289 million in 2018, a decrease in revenue of approximately \$171 million, or 5%. Acquisitions contributed \$135 million for the year ended December 31, 2019, whereas organic revenue decreased by \$306 million, or 9% as compared with 2018, due primarily to the effect of regulatory disruptions on selected long-haul pipeline construction activity, offset, in part, by project activity and mix, including increased demand for other pipeline projects.

Electrical Transmission Segment. Electrical Transmission revenue was \$414 million in 2019, as compared with \$397 million in 2018, an increase of \$17 million, or 4%, due primarily to higher levels of project activity and timing.

Power Generation and Industrial Segment. Power Generation and Industrial revenue was \$1,034 million in 2019, as compared with \$665 million in 2018, an increase of \$369 million, or 56%. Organic revenue increased by approximately \$350 million, or 53%, as compared with 2018, and acquisitions contributed \$19 million of revenue for the year ended December 31, 2019. The increase in organic revenue was driven primarily by higher levels of renewable power project activity.

Other Segment. Other segment revenue decreased by \$3 million in 2019 as compared with 2018 due to a decrease in our international oil and gas projects and in a proportionately consolidated non-controlled Canadian joint venture, for which the related project is almost fully complete.

Costs of revenue, excluding depreciation and amortization. Costs of revenue, excluding depreciation and amortization, increased by \$131 million, or 2%, to \$6,070 million in 2019 from \$5,939 million in 2018. Higher levels of revenue contributed an increase in costs of revenue, excluding depreciation and amortization, of \$235 million, offset, in part, by a decrease of approximately \$104 million from improved productivity. Costs of revenue, excluding depreciation and amortization, as a percentage of revenue decreased by approximately 150 basis points, from 86.0% of revenue in 2018 to 84.5% of revenue in 2019. The basis point decrease was primarily driven by improved project efficiencies, closeouts and mix in our Oil and Gas and Electrical Transmission segments, offset, in part, by project inefficiencies and mix, including from lower levels of storm restoration services, as well as costs incurred to expand operating capacity to support expected future business growth in our Communication and Power Generation and Industrial segments.

Depreciation and amortization. Depreciation and amortization was \$235 million, or 3.3% of revenue in 2019, as compared with \$213 million, or 3.1% of revenue in 2018, an increase of \$23 million, or 11%. Acquisitions contributed \$13 million of depreciation and amortization for the year ended December 31, 2019. As a percentage of revenue, depreciation and amortization increased by approximately 20 basis points due primarily to the effects of acquisition activity, as well as the effects of timing of amortization for certain intangible assets.

Goodwill and intangible asset impairment. We incurred \$3 million of intangible asset impairment in 2019 related to changes in customer pre-qualification assets for a reporting unit in our Oil and Gas segment. In 2018, we incurred \$48 million of goodwill impairment related to a reporting unit in our Oil and Gas segment. For additional details, see Note 3 - Goodwill and Other Intangible Assets in the notes to the audited consolidated financial statements, which is incorporated by reference.

General and administrative expenses. General and administrative expenses were \$300 million or 4.2% of revenue in 2019, as compared with \$287 million, or 4.2% of revenue in 2018, an increase of \$12 million, or 4%. Acquisitions contributed approximately 50% of this increase. Excluding the effects of acquisitions, administrative expenses increased by approximately \$6 million as compared with 2018, and included increased administrative costs to support growth in our businesses, as well as an increase in various other administrative costs, including incentive and other compensation expense, partially offset by the effect of timing of legal, arbitral and settlement matters as compared with 2018. Overall, general and administrative expenses as a percentage of revenue were generally flat.

Interest expense, net. Interest expense, net of interest income, was \$77 million, or 1.1% of revenue in 2019, as compared with \$83 million, or 1.2% of revenue in 2018. The decrease in interest expense related primarily to a \$5 million recovery of interest costs from a 2019 arbitration award and a decrease in interest expense from lower average debt balances.

Equity in earnings of unconsolidated affiliates. Equity in earnings or losses of unconsolidated affiliates includes our share of income or losses from equity investees. For the years ended December 31, 2019 and 2018, equity in earnings from unconsolidated affiliates totaled \$27 million and \$24 million, respectively, and related primarily to our investments in the Waha JVs.

Other expense (income), net. Other expense (income), net, consists primarily of gains or losses from sales of, or changes in estimated recoveries from, assets and investments, certain legal/other settlements and gains or losses from changes to estimated earn-out accruals. Other expense, net, was \$14 million in 2019, as compared with other income, net, of \$2 million in 2018. For the year ended December 31, 2019, other expense, net, included \$51 million of expense, net, from changes to estimated earn-out accruals, offset by \$19 million of income from a 2019 arbitration award, \$14 million of gains on sales of equipment, net, and \$2 million of income from the settlement of an investment that was in the final stages of liquidation, and gains on sales of other assets. For the year ended December 31, 2018, other income, net, included approximately \$17 million of gains on sales of equipment, net, and \$1 million of income, net, related to expected recoveries on certain matters, partially offset by approximately \$18 million of expense, net, from changes to estimated earn-out accruals.

Provision for income taxes. Income tax expense was \$117 million in 2019, as compared with \$106 million in 2018. Pre-tax income increased to \$511 million for the year ended December 31, 2019 from \$365 million in 2018. The increase in income tax expense from higher pre-tax income was offset, in part, by a lower effective tax rate, which decreased to 22.9% for the year ended December 31, 2019 from 29.0% in 2018. Income tax expense in 2019 included the favorable effects of reduced foreign earnings, the recognition of approximately \$4 million of excess tax benefits from the vesting of share-based awards and the effects of tax rate changes. Income tax expense in 2018 included a net tax benefit of approximately \$13 million, primarily related to the 2017 Tax Act, and approximately \$2 million of excess tax benefits.

Analysis of EBITDA by Segment

Communications Segment. EBITDA for our Communications segment was \$209 million, or 8.0% of revenue in 2019, as compared with \$290 million, or 11.4% of revenue in 2018, a decrease of \$82 million, or 28%. As a percentage of revenue, EBITDA decreased by approximately 340 basis points, or \$89 million, due primarily to project inefficiencies and mix, including from lower levels of storm restoration services, as well as costs

incurred to expand operating capacity to support expected future business growth. The decrease in EBITDA from reduced EBITDA margins was offset, in part, by higher levels of revenue, which contributed an increase in EBITDA of approximately \$7 million.

Oil and Gas Segment. EBITDA for our Oil and Gas segment was \$634 million, or 20.3% of revenue in 2019, as compared with \$452 million, or 13.7% of revenue in 2018, an increase of approximately \$183 million, or 40%. As a percentage of revenue, segment EBITDA increased by approximately 660 basis points, or approximately \$206 million, as compared with the prior year, due primarily to improved project efficiencies, closeouts and mix. The increase in EBITDA from improved productivity was offset, in part, by a decrease of approximately \$24 million from lower levels of revenue.

Electrical Transmission Segment. EBITDA for our Electrical Transmission segment was \$30 million, or 7.1% of revenue in 2019, as compared with \$10 million, or 2.6% of revenue in 2018, an increase in EBITDA of approximately \$19 million, or 181%, due primarily to an increase in EBITDA margins of approximately 450 basis points. The increase in EBITDA margins resulted from a combination of improved project efficiencies, closeouts and mix.

Power Generation and Industrial Segment. EBITDA for our Power Generation and Industrial segment was \$40 million, or 3.9% of revenue, in 2019, as compared with \$40 million, or 6.1% of revenue in 2018. As a percentage of revenue, segment EBITDA decreased by approximately 220 basis points, or \$23 million, due primarily to a combination of reduced project efficiencies, including weather-related inefficiencies, closeouts and mix, as well as costs incurred to expand operating capacity to support expected future business growth. The decrease in EBITDA from reduced EBITDA margins was offset by higher levels of revenue, which contributed an increase in EBITDA of \$22 million.

Other Segment. EBITDA from Other businesses was \$27 million in 2019, as compared with EBITDA of \$24 million in 2018, an increase of approximately \$2 million, or 9%. Other segment EBITDA for the years ended December 31, 2019 and 2018 resulted primarily from equity in earnings from unconsolidated affiliates related to our investment in the Waha JV's.

Corporate. Corporate EBITDA was negative \$116 million in 2019, as compared with EBITDA of negative \$156 million in 2018, for an increase in EBITDA of approximately \$41 million. Corporate EBITDA in 2019 included approximately \$51 million of expense, net, related to changes in estimated earn-out accruals and \$3 million of intangible asset impairment related to changes in expected customer pre-qualification assets, partially offset by approximately \$19 million of income from a 2019 arbitration award and \$2 million of other income, including from the settlement of an investment that was in the final stages of liquidation. Corporate EBITDA in 2018 included \$18 million of expense, net, related to changes in estimated earn-out accruals, \$48 million of goodwill impairment charges and approximately \$1 million of income, net, related to expected recoveries on certain matters. See Note 3 - Goodwill and Other Intangible Assets in the notes to the audited consolidated financial statements, which is incorporated by reference, for details. Excluding the effects of these items, other corporate expenses for the year ended December 31, 2019 decreased by approximately \$10 million as compared with the prior year. Other corporate expenses in 2019 included the effect of timing of other corporate legal and settlement matters, partially offset by increases in various administrative costs, including information technology and incentive and other compensation expense, as compared with 2018.

Comparison of Years Ended December 31, 2018 and 2017

Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Years Ended December 31, 2018 and 2017" of the Company's 2018 Annual Report on Form 10-K ("the 2018 Form 10-K") for a comparison of results for the years ended December 31, 2018 and 2017, which discussion is incorporated herein by reference.

Foreign Operations

Our foreign operations are primarily in Canada and, to a lesser extent, in Mexico and the Caribbean. See Note 13 - Segments and Related Information in the notes to the audited consolidated financial statements, which is incorporated by reference.

Non-U.S. GAAP Financial Measures

As appropriate, we supplement our reported U.S. GAAP financial information with certain non-U.S. GAAP financial measures, including earnings before interest, income taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA ("Adjusted EBITDA"), adjusted net income ("Adjusted Net Income") and adjusted diluted earnings per share ("Adjusted Diluted Earnings Per Share"). These "adjusted" non-U.S. GAAP measures exclude, as applicable to the particular periods: non-cash stock-based compensation expense; goodwill and intangible asset impairment; project results from a proportionately consolidated non-controlled Canadian joint venture that was underway when we acquired a Canadian business in 2014, and the sole activity of which involved the construction of a bridge, a business in which we do not otherwise engage, is managed by a third party, and for which we have minimal direct construction involvement and which joint venture automatically terminates upon completion of the project; certain restructuring charges; charges or recoveries from multi-employer pension plan withdrawals; and, for Adjusted Net Income and Adjusted Diluted Earnings Per Share, the tax effects of the adjusted items, including non-cash stock based compensation expense, and the effects of changes in statutory tax rates, including the effects of the 2017 Tax Act. These definitions of EBITDA and Adjusted EBITDA are not the same as in our Credit Facility or in the indenture governing our notes; therefore, EBITDA and Adjusted EBITDA as presented in this discussion should not be used for purposes of determining our compliance with the covenants contained in our debt instruments.

We use EBITDA and Adjusted EBITDA, as well as Adjusted Net Income and Adjusted Diluted Earnings Per Share to evaluate our performance, both internally and as compared with our peers, because these measures exclude certain items that may not be indicative of our core operating results, as well as items that can vary widely across different industries or among companies within the same industry. Non-cash stock-based compensation expense can also be subject to volatility from changes in the market price per share of our common stock or variations in the value and number of shares granted. Additionally, these adjusted measures provide a baseline for analyzing trends in our underlying business.

We believe these non-U.S. GAAP financial measures provide meaningful information and help investors understand our financial results and assess our prospects for future performance. Because non-U.S. GAAP financial measures are not standardized, it may not be possible to compare these

financial measures with other companies' non-U.S. GAAP financial measures having the same or similar names. These financial measures should not be considered in isolation from, as substitutes for, or alternative measures of, reported net income or diluted earnings per share, and should be viewed in conjunction with the most comparable U.S. GAAP financial measures and the provided reconciliations thereto. We believe these non-U.S. GAAP financial measures, when viewed together with our U.S. GAAP results and related reconciliations, provide a more complete understanding of our business. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

The following table presents a reconciliation of net income to EBITDA and Adjusted EBITDA in dollar and percentage of revenue terms, for the years indicated. The tables below (dollar amounts in millions) may contain slight summation differences due to rounding.

EBITDA Reconciliation:	For the Years Ended December 31,					
	2019		2018		2017	
Net income	\$ 394.1	5.5%	\$ 259.2	3.8 %	\$ 348.9	5.3%
Interest expense, net	77.0	1.1%	82.6	1.2 %	61.0	0.9%
Provision for income taxes	116.8	1.6%	106.1	1.5 %	22.9	0.3%
Depreciation and amortization	235.5	3.3%	212.9	3.1 %	188.0	2.8%
EBITDA	\$ 823.4	11.5%	\$ 660.8	9.6 %	\$ 620.9	9.4%
Non-cash stock-based compensation expense	16.4	0.2%	13.5	0.2 %	15.7	0.2%
Goodwill and intangible asset impairment	3.3	0.0%	47.7	0.7 %	—	—%
Project results from non-controlled joint venture	—	—%	(1.0)	(0.0)%	7.9	0.1%
Restructuring charges	—	—%	—	— %	0.6	0.0%
Charges (recoveries) from multi-employer pension plan withdrawals	—	—%	—	— %	0.7	0.0%
Adjusted EBITDA	\$ 843.2	11.7%	\$ 721.0	10.4 %	\$ 645.6	9.8%

A reconciliation of EBITDA to Adjusted EBITDA and Adjusted EBITDA margin by reportable segment for the years indicated is as follows:

	For the Years Ended December 31,					
	2019		2018		2017	
EBITDA	\$ 823.4	11.5%	\$ 660.8	9.6 %	\$ 620.9	9.4%
Non-cash stock-based compensation expense	16.4	0.2%	13.5	0.2 %	15.7	0.2%
Goodwill and intangible asset impairment	3.3	0.0%	47.7	0.7 %	—	—%
Project results from non-controlled joint venture	—	—%	(1.0)	(0.0)%	7.9	0.1%
Restructuring charges	—	—%	—	— %	0.6	0.0%
Charges (recoveries) from multi-employer pension plan withdrawals	—	—%	—	— %	0.7	0.0%
Adjusted EBITDA	\$ 843.2	11.7%	\$ 721.0	10.4 %	\$ 645.6	9.8%
Reportable Segment:						
Communications	\$ 208.8	8.0%	\$ 290.4	11.4 %	\$ 247.9	10.2%
Oil and Gas	634.2	20.3%	451.6	13.7 %	402.2	11.5%
Electrical Transmission	29.5	7.1%	10.5	2.6 %	18.2	4.8%
Power Generation and Industrial	40.1	3.9%	40.4	6.1 %	22.6	7.5%
Other	26.5	NM	23.4	661.5 %	27.6	132.8%
Corporate	(95.9)	NA	(95.3)	NA	(72.9)	NA
Adjusted EBITDA	\$ 843.2	11.7%	\$ 721.0	10.4 %	\$ 645.6	9.8%

NM - Percentage is not meaningful

The table below, which may contain slight summation differences due to rounding, reconciles reported net income and reported diluted earnings per share, the most directly comparable U.S. GAAP financial measures, to Adjusted Net Income and Adjusted Diluted Earnings Per Share.

	For the Years Ended December 31,					
	2019		2018		2017	
	Net Income (in millions)	Diluted Earnings Per Share	Net Income (in millions)	Diluted Earnings Per Share	Net Income (in millions)	Diluted Earnings Per Share
Reported U.S. GAAP measure	\$ 394.1	\$ 5.17	\$ 259.2	\$ 3.26	\$ 348.9	\$ 4.22
Adjustments:						
Non-cash stock-based compensation expense	16.4	0.22	13.5	0.17	15.7	0.19
Goodwill and intangible asset impairment	3.3	0.04	47.7	0.60	—	—
Project results from non-controlled joint venture	—	—	(1.0)	(0.01)	7.9	0.10
Restructuring charges	—	—	—	—	0.6	0.01
Charges (recoveries) from multi-employer pension plan withdrawals	—	—	—	—	0.7	0.01
Total adjustments, pre-tax	\$ 19.8	\$ 0.26	\$ 60.2	\$ 0.75	\$ 24.8	\$ 0.30
Income tax effect of adjustments ^(a)	(8.8)	(0.12)	(6.0)	(0.08)	(11.6)	(0.14)
Statutory tax rate effects ^(b)	(7.8)	(0.10)	(12.8)	(0.16)	(120.1)	(1.46)
Adjusted non-U.S. GAAP measure	\$ 397.2	\$ 5.21	\$ 300.6	\$ 3.77	\$ 241.9	\$ 2.92

(a) Represents the tax effect of the adjusted items that are subject to tax, including the tax effects of non-cash stock-based compensation expense, which for the years ended December 31, 2019, 2018 and 2017, included excess tax benefits of \$3.9 million, \$1.6 million and \$5.7 million, respectively, from the vesting of share-based payment awards. Tax effects are determined based on the tax treatment of the related item, the incremental statutory tax rate of the jurisdictions pertaining to the adjustment, and their effect on pre-tax income. For the years ended December 31, 2019, 2018 and 2017, our consolidated effective tax rate, as reported, was 22.9%, 29.0% and 6.2%, respectively, and as adjusted, was 25.1%, 29.3%, and 39.0%, respectively.

(b) For the year ended December 31, 2019, includes the effects of Canadian provincial statutory tax rates, as well as changes in state tax rates, and for the year ended December 31, 2018, includes the effects of the 2017 Tax Act.

Financial Condition, Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operations, availability under our Credit Facility and our cash balances. Our primary liquidity needs are for working capital, capital expenditures, insurance and performance collateral in the form of cash and letters of credit, earn-out obligations, equity investment funding requirements, debt service and income taxes. We also evaluate opportunities for strategic acquisitions and investments from time to time, and we may consider opportunities to borrow additional funds, or to repurchase, refinance or retire outstanding debt or repurchase additional shares of our outstanding common stock in the future under share repurchase authorizations, any of which may require our use of cash.

Capital Expenditures. For the year ended December 31, 2019, we spent approximately \$126 million on capital expenditures, or \$91 million net of asset disposals, and incurred approximately \$206 million of equipment purchases under finance leases. We estimate that we will spend approximately \$210 million on capital expenditures, or approximately \$150 million, net of asset disposals, in 2020, and expect to incur approximately \$150 million of equipment purchases under finance leases. Actual capital expenditures may increase or decrease in the future depending upon business activity levels, as well as ongoing assessments of equipment lease versus buy decisions based on short and long-term equipment requirements.

Acquisitions and Earn-Out Liabilities. We typically utilize cash for business acquisitions and other strategic arrangements, and for the year ended December 31, 2019, we used \$180 million of cash for this purpose. In addition, in most of our acquisitions, we have agreed to make future payments to the sellers that are contingent upon the future earnings performance of the acquired businesses, which we also refer to as “earn-out” payments. Earn-out payments may be paid in cash or, under specific circumstances, MasTec common stock, or a combination thereof, at our option. The estimated total value of future acquisition-related contingent consideration and other liabilities as of December 31, 2019 was approximately \$173 million. Of this amount, \$54 million represents the liability for earn-out obligations that have been earned. The remainder is management’s estimate of potential acquisition-related contingent consideration and other liabilities that are contingent upon future performance. During the years ended December 31, 2019, 2018 and 2017, we made payments of \$35 million, \$23 million and \$19 million, respectively, related to earn-out obligations.

Income Taxes. For the year ended December 31, 2019, tax payments, net of tax refunds, were approximately \$106 million, whereas in 2018, tax refunds, net of tax payments were approximately \$22 million. In 2017, tax payments, net of tax refunds were approximately \$79 million. Our tax payments vary with changes in taxable income and earnings, and for the years ended after December 31, 2017, decreased due to the effects of the 2017 Tax Act, which reduced the U.S. corporate tax rate from 35% to 21% effective January 1, 2018.

Working Capital. We need working capital to support seasonal variations in our business, primarily due to the effect of weather conditions on external construction and maintenance work and the spending patterns of our customers, both of which influence the timing of associated spending to support related customer demand. Working capital needs are generally higher during the summer and fall months due to increased demand for our services when favorable weather conditions exist in many of the regions in which we operate. Conversely, working capital needs are typically converted to cash during the winter months. These seasonal trends, however, can be offset by changes in the timing of projects, which can be affected by project delays or accelerations and/or other factors that may affect customer spending.

Working capital requirements also tend to increase when we commence multiple projects or particularly large projects because labor, including

subcontractor costs, and certain other costs, including inventory, become payable before the receivables resulting from work performed are collected. The timing of billings and project close-outs can contribute to changes in unbilled revenue. As of December 31, 2019, we expect that substantially all of our unbilled receivables will be billed to customers in the normal course of business within the next twelve months. Total accounts receivable, which consists of contract billings, unbilled receivables and retainage, net of allowance, was generally flat at \$1.9 billion as of both December 31, 2019 and 2018.

Our payment billing terms are generally net 30 days, and some of our contracts allow our customers to retain a portion of the contract amount (generally, from 5% to 10% of billings) until the job is completed. As part of our ongoing working capital management practices, we evaluate opportunities to improve our working capital cycle time through contractual provisions and certain financing arrangements. For certain customers, we maintain inventory to meet the materials requirements of the contracts. Occasionally, certain of our customers pay us in advance for a portion of the materials we purchase for their projects, or allow us to pre-bill them for materials purchases up to specified amounts. Vendor terms are generally 30 days. Our agreements with subcontractors often contain a "pay-if-paid" provision, whereby our payments to subcontractors are made only after we are paid by our customers.

Summary of Financial Condition, Liquidity and Capital Resources

We anticipate that funds generated from operations, borrowings under our Credit Facility and our cash balances will be sufficient to meet our working capital requirements, anticipated capital expenditures, debt service obligations, insurance and performance collateral requirements, letter of credit needs, earn-out obligations, required income tax payments, acquisition and other investment funding requirements, share repurchase activity and other liquidity needs for at least the next twelve months.

Sources and Uses of Cash

As of December 31, 2019, we had \$954 million in working capital, defined as current assets less current liabilities, as compared with \$885 million as of December 31, 2018, an increase of approximately \$69 million. Cash and cash equivalents totaled \$71 million and \$27 million as of December 31, 2019 and 2018, respectively.

Sources and uses of cash are summarized below (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Net cash provided by operating activities	\$ 550.3	\$ 530.0	\$ 144.1
Net cash used in investing activities	\$ (261.8)	\$ (181.8)	\$ (272.7)
Net cash (used in) provided by financing activities	\$ (244.6)	\$ (361.1)	\$ 130.3

Operating Activities. Cash flow from operations is primarily influenced by changes in the timing of demand for our services and operating margins, but is also affected by working capital needs associated with the various types of services we provide. Working capital is affected by changes in total accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and deferred revenue, all of which tend to be related. These working capital items are affected by changes in revenue resulting from the timing and volume of work performed, variability in the timing of customer billings and collections of receivables, as well as settlement of payables and other obligations. Net cash provided by operating activities for the year ended December 31, 2019 was \$550 million as compared with \$530 million in 2018, an increase of \$20 million, primarily due to an increase in net income, offset, in part by the effect of working capital-related changes in assets and liabilities, net.

Our days sales outstanding, net of deferred revenue, ("DSO") was 91 as of December 31, 2019 and 81 as of December 31, 2018. The increase in DSO for the year ended December 31, 2019 was primarily related to increased levels of project retainage due to timing of project activity, mix, and timing of ordinary course collections. DSO is calculated as total accounts receivable, net of allowance for doubtful accounts, less deferred revenue, divided by average daily revenue for the most recently completed quarter as of the balance sheet date. DSOs can fluctuate from period to period due to timing of billings, collections and settlements, timing of project close-outs and retainage collections, changes in project and customer mix, and the effect of working capital initiatives. Other than matters subject to litigation, we do not anticipate material collection issues related to our outstanding accounts receivable balances, nor do we have material amounts due from customers experiencing financial difficulties. We expect to collect substantially all of our outstanding accounts receivable balances within the next twelve months.

Investing Activities. Net cash used in investing activities increased by \$80 million to \$262 million in 2019 from \$182 million in 2018. Cash paid for acquisitions, net of cash acquired, for the year ended December 31, 2019 totaled \$180 million as compared with \$7 million in 2018, an increase of \$173 million due to increased 2019 activity. For the year ended December 31, 2019, we spent \$126 million on capital expenditures, or \$91 million, net of asset disposals, as compared with capital expenditures of \$180 million, or \$141 million, net of asset disposals, in 2018, for a decrease in cash used in investing activities of \$50 million. Payments for other investments totaled \$6 million for the year ended December 31, 2019, whereas in 2018, payments for other investments totaled \$39 million, of which approximately \$28 million related to our equity investment in the Waha JVs and \$10 million related to an equity investment in a telecommunications entity. For the year ended December 31, 2019, proceeds from other investments totaled \$15 million, and included the sale of our investment in such telecommunications entity, as well as the settlement of an investment that was in the final stages of liquidation. In 2018, proceeds from other investments totaled \$5 million and related to recoveries from such liquidated investment.

Financing Activities. Net cash used in financing activities for the year ended December 31, 2019 was \$245 million, as compared with \$361 million in 2018, for a decrease in cash used in financing activities of approximately \$116 million. For the year ended December 31, 2019, payments for repurchases of stock totaled \$6 million and related primarily to settlement of December 2018 share repurchases, whereas payments for repurchases of stock in 2018 totaled \$314 million. This reduction in cash used in financing activities was partially offset by Credit Facility and other borrowing-related activity, net, for the year ended December 31, 2019, totaled \$113 million of repayments, net of borrowings, as compared with \$41 million of borrowings, net of repayments in 2018, for an increase in cash used in financing activities of approximately \$154 million, and payments of finance

leases increased by \$16 million in 2019. Additionally, we paid \$5 million of financing costs related to the 2019 amendment of our Credit Facility, as discussed below. Additionally, payments of acquisition-related contingent consideration included within financing activities totaled \$34 million in 2019 as compared with \$16 million in 2018, for an increase in cash used in financing activities of \$18 million. Total payments of acquisition-related contingent consideration, including payments in excess of acquisition-date liabilities, which are classified within operating activities, totaled \$35 million in 2019 as compared with \$23 million in 2018.

Senior Secured Credit Facility

We have a senior secured credit facility, which was amended and restated in September 2019 (the "Credit Facility"). Aggregate borrowing commitments under the Credit Facility total approximately \$1.75 billion, composed of \$1.35 billion of revolving commitments and a term loan totaling approximately \$0.4 billion. Borrowings under the Credit Facility are used for working capital requirements, capital expenditures and other corporate purposes, including equity investments, potential acquisitions or other strategic arrangements, the repurchase or prepayment of indebtedness, including the repayment of term loans, and share repurchases.

We are dependent upon borrowings and letters of credit under the Credit Facility to fund our operations. Should we be unable to comply with the terms and conditions of the Credit Facility, we would be required to obtain modifications to the Credit Facility or obtain an alternative source of financing to continue to operate, neither of which may be available to us on commercially reasonable terms, or at all. The Credit Facility is subject to certain provisions and covenants. For additional information regarding the terms of our Credit Facility, see Note 7 - Debt in the notes to the audited consolidated financial statements, which is incorporated by reference.

4.875% Senior Notes

We have \$400 million of 4.875% senior notes due March 15, 2023 (our "4.875% Senior Notes") outstanding, which were issued in 2013 in a registered public offering. The 4.875% Senior Notes are guaranteed by certain of our subsidiaries and are subject to certain provisions and covenants, as more fully described in Note 7 - Debt and Note 17 - Supplemental Guarantor Condensed Consolidating Financial Information in the notes to the audited consolidated financial statements, which are incorporated by reference.

Debt Covenants

We were in compliance with the provisions and covenants contained in our outstanding debt instruments as of December 31, 2019.

Additional Information

For detailed discussion and additional information pertaining to our debt instruments, see Note 7 - Debt in the notes to the audited consolidated financial statements, which is incorporated by reference.

Contractual Payment Obligations

The following table sets forth our contractual payment obligations as of December 31, 2019 during the periods indicated below (in millions):

Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years and Thereafter
Senior secured credit facility	\$ 739.2	\$ 2.5	\$ 32.5	\$ 704.2	\$ —
4.875% Senior Notes	400.0	—	—	400.0	—
Finance lease and other obligations	305.6	115.9	167.6	22.1	—
Operating leases	258.0	88.8	107.5	33.0	28.7
Earn-out obligations ^(a)	54.0	54.0	—	—	—
Interest ^(b)	183.3	54.6	94.4	34.3	—
Total	\$ 1,940.1	\$ 315.8	\$ 402.0	\$ 1,193.6	\$ 28.7

(a) Under certain acquisition agreements, we have agreed to pay the sellers earn-outs and other amounts based on the performance of the businesses acquired. Certain of these payments may be made either in cash or in MasTec common stock, or a combination thereof, at our option. Due to the contingent nature of these payments, we have only included obligations that we expect will be paid in cash and have been earned as of December 31, 2019.

(b) Represents expected future interest payments on debt and finance lease obligations outstanding as of December 31, 2019, and does not include potential letter of credit or commitment fees associated with our senior secured credit facility. With the exception of our credit facilities, including our term loan, all of our debt instruments are fixed rate interest obligations.

Off-Balance Sheet Arrangements

As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business. Our significant off-balance sheet transactions include liabilities associated with non-cancelable operating leases with durations of less than twelve months, letter of credit obligations, surety and performance and payment bonds entered into in the normal course of business, self-insurance liabilities, liabilities associated with multiemployer pension plans, liabilities associated with certain indemnification and guarantee arrangements and obligations relating to our equity and other investment arrangements, including our variable interest entities. Refer to Note 14 - Commitments and Contingencies, Note 4 - Fair Value of Financial Instruments and Note 15 - Related Party Transactions in the notes to the audited consolidated financial statements, which are incorporated by reference.

Impact of Inflation

The primary inflationary factors affecting our operations are labor and fuel costs, and to a lesser extent, material costs. In times of low unemployment, our labor costs may increase due to shortages in the supply of skilled labor. Additionally, the prices of oil and gas are subject to unexpected fluctuations due to events outside of our control, including geopolitical events and fluctuations in global supply and demand, which have caused volatility in the oil and gas markets in the past. We closely monitor inflationary factors and any impact they may have on our operating results or financial condition.

Recently Issued Accounting Pronouncements

See Note 1 - Business, Basis of Presentation and Significant Accounting Policies in the notes to the audited consolidated financial statements, which is incorporated by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of December 31, 2019, our variable interest rate debt was primarily related to our Credit Facility. Interest on outstanding revolving loans and our term loan under our Credit Facility accrues at variable rates based, at our option, on a Eurocurrency rate, as defined in the Credit Facility, plus a margin, or a base rate, as defined in the Credit Facility, plus a margin. As of December 31, 2019, we had \$339 million aggregate principal amount of outstanding revolving loans under our Credit Facility with a weighted average interest rate of 3.50% and a term loan with a balance of \$400 million with an interest rate of 3.05%. A 100 basis point increase in the applicable interest rates under our credit facilities would have increased our interest expense by approximately \$9 million for the year ended December 31, 2019.

As of December 31, 2019, our fixed interest rate debt primarily included \$400 million aggregate principal amount of 4.875% Senior Notes and \$301 million of finance lease obligations, which accrued interest at a weighted average interest rate of approximately 4.1%. None of this debt subjects us to interest rate risk, but we may be subject to changes in interest rates if and when we refinance this debt at maturity or otherwise.

Foreign Currency Risk

Certain of our consolidated revenue and operating expenses are in foreign currencies. Our foreign operations are primarily in Canada. Revenue generated from foreign operations represented 3% of our total revenue for the year ended December 31, 2019. Revenue and expense related to our foreign operations are, for the most part, denominated in the functional currency of the foreign operation, which minimizes the impact that fluctuations in exchange rates would have on net income or loss. We are, however, subject to fluctuations in foreign currency exchange rates when transactions are denominated in currencies other than the functional currencies. Such transactions were not material to our operations in 2019. Translation gains or losses, which are recorded in other comprehensive income or loss, result from translation of the assets and liabilities of our foreign subsidiaries into U.S. dollars. For the year ended December 31, 2019, foreign currency translation losses, net, totaled approximately \$0.2 million and related to our operations in Canada and Mexico.

Our exposure to fluctuations in foreign currency exchange rates could increase in the future if we continue to expand our operations outside of the United States. We seek to manage foreign currency exposure by minimizing our consolidated net asset and liability positions in currencies other than the functional currency, which exposure was not significant to our consolidated financial position as of December 31, 2019. We may enter into foreign currency derivative contracts in the future to manage such exposure.

Other Market Risk

As discussed in Note 4 - Fair Value of Financial Instruments in the notes to the audited consolidated financial statements, which is incorporated by reference, we have certain investments that may be subject to market risk and could be subject to volatility based on market conditions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	43
Consolidated Statements of Operations	45
Consolidated Statements of Comprehensive Income	46
Consolidated Balance Sheets	47
Consolidated Statements of Equity	48
Consolidated Statements of Cash Flows	49
Notes to Consolidated Financial Statements	50

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors

MasTec, Inc.

Coral Gables, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of MasTec, Inc. (the "Company") and subsidiaries as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2019 and 2018, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Change in Accounting Principle

As discussed in Notes 1 and 8 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessment

As described in Notes 1 and 3 to the consolidated financial statements, the Company's consolidated goodwill balance was \$1.22 billion at December 31, 2019. The Company performs annual impairment tests of goodwill, and on a quarterly basis, monitors these assets for potential indicators of impairment. Based on the results of the annual qualitative assessments, the Company performed quantitative assessments of goodwill for four reporting units. Management estimated the fair values of these reporting units using a combination of the market and the income approaches.

We identified the goodwill impairment assessment for certain reporting units as a critical audit matter. Under the market approach, the reporting units' fair values were estimated using market multiple assumptions for comparable companies. Under the income approach, a discounted cash flow methodology was used that included: (i) management's estimates, such as discount rates, terminal growth rates, and projections of revenue, operating costs and cash flows, (ii) assumptions related to general economic and market conditions, and (iii) considerations of planned business and operational strategies. These estimates and assumptions require significant management judgment due to their highly subjective nature. Changes in these assumptions could have a significant impact on the fair value of the reporting units and the amount of goodwill impairment (if any). Auditing these elements involved especially challenging auditor judgment in evaluating the reasonableness of management's assumptions, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of controls related to management's goodwill impairment assessment, including: (i) controls over budgeting and forecasting and (ii) controls over review and assessment of the reasonableness of assumptions used in evaluating the fair values of reporting units determined as part of the quantitative goodwill impairment assessment.
- Evaluating the appropriateness of the methodologies and reasonableness of assumptions used by management in determining reporting units' fair values, including:
 - * With respect to the market approach, assessing the appropriateness of the approach and evaluating the reasonableness of the comparable companies and market multiples selected for the reporting units.
 - * With respect to the income approach, evaluating the appropriateness of the approach and the methodology and the reasonableness of assumptions used through: (i) evaluating the reasonableness of projected revenues and operating costs against recent performance and revenue backlogs, (ii) assessing the reasonableness of management's expected success rates for winning new project awards against recent reporting units' performance, (iii) evaluating management's assumptions related to general economic and market conditions including expectations for market prices for oil, gas and other fuel sources against industry reports and reporting unit specific events including recent and projected financial performance, and (iv) performing sensitivity analyses of individual reporting units' cash flow projections.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in: (i) evaluating the appropriateness of the methodologies and the valuation models utilized by management to determine the fair values of the reporting units, and (ii) assessing the reasonableness of certain assumptions incorporated into the valuation models including terminal growth rates and discount rates.

Revenue Recognition - Estimated Costs to Complete

As described in Note 1 to the consolidated financial statements, the Company recognizes a significant portion of its revenue over time using the cost-to-cost measure of progress, which measures a contract's progress toward completion based on the ratio of actual contract costs incurred to date to the Company's estimated costs at completion. The cost estimation process for these contracts is based on the knowledge and experience of the Company's project managers, engineers and financial professionals. Changes in job performance, job conditions and management's assessment of expected variable consideration are factors that influence estimates of the total contract transaction price, total costs to complete those contracts and the Company's revenue recognition.

We identified estimated costs to complete revenue contracts as a critical audit matter. The determination of the total estimated cost and progress toward completion requires management to make significant estimates and assumptions. Total estimated costs to complete projects include various costs such as direct labor, material and subcontract costs. Changes in these estimates can have a significant impact on the revenue recognized each period. Auditing these elements involved especially challenging auditor judgment in evaluating the reasonableness of management's assumptions and estimates over the duration of these contracts.

The primary procedures we performed to address this critical audit matter included:

- Testing the design and operating effectiveness of certain controls related to estimated costs to complete, including controls over: (i) development of project budgets and review of key cost inputs, (ii) ongoing assessment and revisions to project budgets, and (iii) ongoing review of project status including nature of activities to complete open projects.
- Evaluating the reasonableness of a sample of project budgets for projects completed during the year through a retrospective review against actual performance at project completion.
- Assessing the reasonableness of the estimated costs to complete for a sample of open projects through: (i) evaluating the reasonableness of project budgets and the nature of costs required to complete open projects, (ii) assessing the status of completion of respective projects through testing of a sample of project costs incurred to date, (iii) evaluating the reasonableness of project status by performing inquiries of project managers and assessing the nature of activities required to complete open projects, and (iv) performing retrospective review for open projects and investigating budget to actual variances (if any).
- Assessing the reasonableness of changes in estimated costs to complete during quarterly reviews and at year end and investigating reasons for changes in expected costs and project margins.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2004.
Miami, Florida

February 27, 2020

MASTEC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the Years Ended December 31,		
	2019	2018	2017
Revenue	\$ 7,183,188	\$ 6,909,417	\$ 6,606,978
Costs of revenue, excluding depreciation and amortization	6,070,244	5,939,308	5,745,307
Depreciation and amortization	235,482	212,930	188,049
Goodwill and intangible asset impairment	3,319	47,662	—
General and administrative expenses	299,500	287,278	275,103
Interest expense, net	77,026	82,571	61,011
Equity in earnings of unconsolidated affiliates	(27,367)	(23,855)	(21,328)
Other expense (income), net	14,045	(1,780)	(12,990)
Income before income taxes	\$ 510,939	\$ 365,303	\$ 371,826
Provision for income taxes	(116,843)	(106,072)	(22,942)
Net income	\$ 394,096	\$ 259,231	\$ 348,884
Net income (loss) attributable to non-controlling interests	1,762	(428)	1,671
Net income attributable to MasTec, Inc.	\$ 392,334	\$ 259,659	\$ 347,213
Earnings per share (Note 2):			
Basic earnings per share	\$ 5.22	\$ 3.30	\$ 4.29
Basic weighted average common shares outstanding	75,185	78,695	80,903
Diluted earnings per share	\$ 5.17	\$ 3.26	\$ 4.22
Diluted weighted average common shares outstanding	75,846	79,772	82,325

The accompanying notes are an integral part of these consolidated financial statements.

MASTEC, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Net income	\$ 394,096	\$ 259,231	\$ 348,884
Other comprehensive (loss) income:			
Foreign currency translation (losses) gains, net of tax	(189)	(2,645)	1,627
Unrealized (losses) gains on equity investee activity, net of tax	(15,023)	5,863	475
Comprehensive income	\$ 378,884	\$ 262,449	\$ 350,986
Comprehensive income (loss) attributable to non-controlling interests	1,762	(428)	1,671
Comprehensive income attributable to MasTec, Inc.	\$ 377,122	\$ 262,877	\$ 349,315

The accompanying notes are an integral part of these consolidated financial statements.

MASTEC, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)

	As of December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,427	\$ 27,422
Accounts receivable, net of allowance	850,326	671,324
Contract assets	1,024,568	1,252,646
Inventories, net	100,069	113,709
Prepaid expenses	52,000	56,558
Other current assets	75,169	47,330
Total current assets	\$ 2,173,559	\$ 2,168,989
Property and equipment, net	905,835	747,808
Operating lease assets	229,903	—
Goodwill, net	1,221,440	1,100,350
Other intangible assets, net	211,528	169,370
Other long-term assets	254,741	253,436
Total assets	\$ 4,997,006	\$ 4,439,953
Liabilities and equity		
Current liabilities:		
Current portion of long-term debt, including finance leases	\$ 118,429	\$ 82,655
Current portion of operating lease liabilities	81,561	—
Accounts payable	535,029	669,712
Accrued salaries and wages	87,562	90,218
Other accrued expenses	115,581	133,033
Contract liabilities	206,180	231,644
Other current liabilities	74,784	76,349
Total current liabilities	\$ 1,219,126	\$ 1,283,611
Long-term debt, including finance leases	1,314,030	1,324,223
Long-term operating lease liabilities	154,553	—
Deferred income taxes	296,326	263,687
Other long-term liabilities	221,280	176,408
Total liabilities	\$ 3,205,315	\$ 3,047,929
Commitments and contingencies (Note 14)		
Equity		
Preferred stock, \$1.00 par value: authorized shares - 5,000,000; issued and outstanding shares - none	\$ —	\$ —
Common stock, \$0.10 par value: authorized shares - 145,000,000; issued shares - 91,909,430 and 91,327,009 (including 1,221,593 and 1,251,533 of unvested stock awards) as of December 31, 2019 and 2018, respectively	9,191	9,133
Capital surplus	809,753	789,009
Retained earnings	1,510,709	1,118,375
Accumulated other comprehensive loss	(75,706)	(60,494)
Treasury stock, at cost: 15,344,917 shares and 15,329,817 shares as of December 31, 2019 and 2018, respectively	(466,727)	(466,125)
Total MasTec, Inc. shareholders' equity	\$ 1,787,220	\$ 1,389,898
Non-controlling interests	4,471	2,126
Total equity	\$ 1,791,691	\$ 1,392,024
Total liabilities and equity	\$ 4,997,006	\$ 4,439,953

The accompanying notes are an integral part of these consolidated financial statements.

MASTEC, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except shares)

	Common Stock		Treasury Stock		Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total MasTec, Inc. Shareholders' Equity	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of December 31, 2016	90,634,771	\$ 9,063	(8,094,004)	\$ (145,573)	\$ 788,914	\$ 509,941	\$ (65,814)	\$ 1,096,531	\$ 7,103	\$ 1,103,634
Net income						347,213		347,213	1,671	348,884
Other comprehensive income							2,102	2,102		2,102
Non-cash stock-based compensation					15,656			15,656		15,656
Issuance of restricted shares, net	393,570	39			(39)			—		—
Shares withheld for taxes, net of other stock issuances	(92,757)	(8)			(3,077)			(3,085)		(3,085)
Acquisition of treasury stock, at cost			(38,807)	(1,551)				(1,551)		(1,551)
Distributions to non-controlling interests								—	(1,280)	(1,280)
Purchase of non-controlling interests					(26,067)			(26,067)	(4,940)	(31,007)
Balance as of December 31, 2017	90,935,584	\$ 9,094	(8,132,811)	\$ (147,124)	\$ 775,387	\$ 857,154	\$ (63,712)	\$ 1,430,799	\$ 2,554	\$ 1,433,353
Cumulative effect of adoption, revenue recognition (Topic 606)						1,562		1,562		1,562
Net income (loss)						259,659		259,659	(428)	259,231
Other comprehensive income							3,218	3,218		3,218
Non-cash stock-based compensation					13,527			13,527		13,527
Issuance of restricted shares, net	385,392	39			(39)			—		—
Other stock issuances, net of shares withheld for taxes	6,033	0			134			134		134
Acquisition of treasury stock, at cost			(7,197,006)	(319,001)				(319,001)		(319,001)
Balance as of December 31, 2018	91,327,009	\$ 9,133	(15,329,817)	\$ (466,125)	\$ 789,009	\$ 1,118,375	\$ (60,494)	\$ 1,389,898	\$ 2,126	\$ 1,392,024
Net income						392,334		392,334	1,762	394,096
Other comprehensive loss							(15,212)	(15,212)		(15,212)
Non-cash stock-based compensation					16,447			16,447		16,447
Issuance of restricted shares, net	464,970	46			(46)			—		—
Other stock issuances, net of shares withheld for taxes	117,451	12			4,343			4,355		4,355
Acquisition of treasury stock, at cost			(15,100)	(602)				(602)		(602)
Contributions from non-controlling interests								—	583	583
Balance as of December 31, 2019	91,909,430	\$ 9,191	(15,344,917)	\$ (466,727)	\$ 809,753	\$ 1,510,709	\$ (75,706)	\$ 1,787,220	\$ 4,471	\$ 1,791,691

The accompanying notes are an integral part of these consolidated financial statements.

MASTEC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 394,096	\$ 259,231	\$ 348,884
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	235,482	212,930	188,049
Goodwill and intangible asset impairment	3,319	47,662	—
Non-cash interest expense, net	3,219	2,584	3,100
Non-cash stock-based compensation expense	16,447	13,527	15,656
Provision for deferred income taxes	22,160	56,209	18,277
Equity in earnings of unconsolidated affiliates	(27,367)	(23,855)	(21,328)
Gains on sales of assets, net	(13,908)	(16,052)	(5,935)
Other non-cash items, net	(2,768)	8,910	7,222
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net of allowance and contract assets	113,061	(335,201)	(417,491)
Inventories	24,051	(29,366)	36,187
Other assets, current and long-term portion	10,180	28,709	(117,091)
Accounts payable and accrued expenses	(228,142)	251,735	43,883
Contract liabilities	(52,215)	28,411	46,075
Other liabilities, current and long-term portion	52,663	24,522	(1,392)
Net cash provided by operating activities	\$ 550,278	\$ 529,956	\$ 144,096
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash acquired	(179,481)	(6,684)	(115,995)
Capital expenditures	(126,473)	(180,420)	(123,412)
Proceeds from sale of property and equipment	35,015	39,359	19,963
Payments for other investments	(5,589)	(39,469)	(77,105)
Proceeds from other investments	14,705	5,415	23,801
Net cash used in investing activities	\$ (261,823)	\$ (181,799)	\$ (272,748)
Cash flows from financing activities:			
Proceeds from credit facilities	3,025,927	3,418,232	2,699,047
Repayments of credit facilities	(3,126,595)	(3,359,521)	(2,457,293)
Repayments of other borrowings, net	(12,438)	(17,427)	(3,350)
Payments of finance lease obligations	(88,341)	(72,167)	(67,740)
Payments of acquisition-related contingent consideration	(34,267)	(15,929)	(6,676)
Proceeds from (distributions to) non-controlling interests	583	(559)	(22,728)
Proceeds from stock-based awards	4,655	4,047	3,104
Payments for stock-based awards	(45)	(3,821)	(6,189)
Repurchases of common stock	(5,652)	(313,949)	(1,552)
Other financing activities, net	(8,458)	—	(6,301)
Net cash (used in) provided by financing activities	\$ (244,631)	\$ (361,094)	\$ 130,322
Effect of currency translation on cash	181	33	(111)
Net increase (decrease) in cash and cash equivalents	44,005	(12,904)	1,559
Cash and cash equivalents - beginning of period	27,422	40,326	38,767
Cash and cash equivalents - end of period	\$ 71,427	\$ 27,422	\$ 40,326
Supplemental cash flow information:			
Interest paid	\$ 84,971	\$ 81,230	\$ 59,157
Income tax payments (refunds), net	\$ 106,248	\$ (21,450)	\$ 78,653
Supplemental disclosure of non-cash information:			
Additions to property and equipment from finance leases	\$ 206,156	\$ 75,545	\$ 150,055

The accompanying notes are an integral part of these consolidated financial statements.

MASTEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Business, Basis of Presentation and Significant Accounting Policies

Nature of the Business

MasTec, Inc. (collectively with its subsidiaries, “MasTec” or the “Company”) is a leading infrastructure construction company operating mainly throughout North America across a range of industries. The Company’s primary activities include the engineering, building, installation, maintenance and upgrade of communications, energy, utility and other infrastructure, such as: wireless, wireline/fiber and customer fulfillment activities; petroleum and natural gas pipeline infrastructure; electrical utility transmission and distribution; power generation, including renewables; heavy civil; and industrial infrastructure. MasTec’s customers are primarily in these industries. MasTec reports its results under five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial; and (5) Other.

Principles of Consolidation

The accompanying consolidated financial statements include MasTec, Inc. and its subsidiaries and include the accounts of all majority owned subsidiaries over which the Company exercises control and, when applicable, entities in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation. Other parties’ interests in entities that MasTec consolidates are reported as non-controlling interests within equity, except for mandatorily redeemable non-controlling interests, which are recorded within liabilities. Net income or loss attributable to non-controlling interests is reported as a separate line item below net income or loss. The Company’s investments in entities for which the Company does not have a controlling interest, but over which it has the ability to exert significant influence, are accounted for using the equity method of accounting. For equity investees in which the Company has an undivided interest in the assets, liabilities and profits or losses of an unincorporated entity, but does not exercise control over the entity, the Company consolidates its proportional interest in the accounts of the entity. When necessary, certain prior year amounts have been reclassified to conform with the current period presentation.

Translation of Foreign Currencies

The assets and liabilities of foreign subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars at period-end exchange rates, with resulting translation gains or losses included within other comprehensive income or loss. Revenue and expenses are translated into U.S. dollars at average rates of exchange during the applicable period. Substantially all of the Company’s foreign operations use their local currency as their functional currency. Currency gains or losses resulting from transactions executed in currencies other than the functional currency are included in other income or expense, net.

In these consolidated financial statements, “\$” means U.S. dollars unless otherwise noted.

Management Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on historical experience and various other assumptions, the results of which form the basis of making judgments about the Company’s operating results and the carrying values of assets and liabilities that are not readily apparent from other sources. Key estimates include: the recognition of revenue and project profit or loss, which the Company defines as project revenue, less project costs of revenue, including project-related depreciation, in particular, on construction contracts accounted for under the cost-to-cost method, for which the recorded amounts require estimates of costs to complete and the amount and probability of variable consideration included in the contract transaction price; fair value estimates, including those related to acquisitions, valuations of goodwill and intangible assets, acquisition-related contingent consideration and equity investments; allowances for doubtful accounts; asset lives used in computing depreciation and amortization; fair values of financial instruments; self-insurance liabilities; other accruals and allowances; income taxes; and the estimated effects of litigation and other contingencies. While management believes that such estimates are reasonable when considered in conjunction with the Company’s consolidated financial position and results of operations taken as a whole, actual results could differ materially from those estimates.

Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the accompanying consolidated financial statements.

Revenue Recognition

The Company recognizes revenue from contracts with customers under Accounting Standards Codification (“ASC”) Topic 606 (“Topic 606”). The Company adopted the requirements of Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, under the modified retrospective transition approach effective January 1, 2018, with application to all existing contracts that were not substantially completed as of January 1, 2018. The difference between the recognition criteria under Topic 606 and the Company’s previous revenue recognition practices under the previous revenue recognition guidance, ASC Topic 605-35, was recognized through a cumulative effect adjustment of approximately \$2 million that was made to the opening balance of retained earnings as of January 1, 2018.

Under Topic 606, revenue is recognized when, or as, control of promised goods and services is transferred to customers, and the amount of revenue recognized reflects the consideration to which an entity expects to be entitled in exchange for the goods and services transferred. Revenue is primarily recognized by the Company over time utilizing the cost-to-cost measure of progress, which is an input method, on contracts for specific projects and for certain master service and other service agreements. Under Topic 606, the cost-to-cost measure of progress best depicts the continuous transfer of control of goods or services to the customer, and correspondingly, when performance obligations are satisfied for the related contracts.

Contracts. The Company derives revenue primarily from construction projects performed under: (i) master and other service agreements, which provide a menu of available services in a specific geographic territory that are utilized on an as-needed basis, and are typically priced using either

a time and materials or a fixed price per unit basis; and (ii) contracts for specific projects requiring the construction and installation of an entire infrastructure system or specified units within an infrastructure system, which are subject to multiple pricing options, including fixed price, unit price, time and materials, or cost plus a markup. Revenue derived from projects performed under master service and other service agreements totaled 36%, 35% and 36% of consolidated revenue for the years ended December 31, 2019, 2018 and 2017, respectively.

Revenue from contracts for specific projects, as well as for certain projects pursuant to master and other service agreements, is typically recognized over time using the cost-to-cost measure of progress. For these contracts, the cost-to-cost measure of progress best depicts the continuous transfer of control of goods or services to the customer. Such contracts provide that the customer accept completion of progress to date and compensate the Company for services rendered.

For certain master service and other service agreements under which the Company performs installation and maintenance services, primarily for install-to-the-home service providers in its Communications segment, revenue is recognized at a point in time. This is generally when the work order has been fulfilled, which is typically the same day the work is initiated. Point in time revenue accounted for approximately 5% and 7% of consolidated revenue for the years ended December 31, 2019 and 2018, respectively. Substantially all of the Company's other revenue is recognized over time.

Contract costs include all direct materials, labor and subcontracted costs, as well as indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and the operational costs of capital equipment. The total contract transaction price and cost estimation processes used for recognizing revenue over time under the cost-to-cost method is based on the professional knowledge and experience of the Company's project managers, engineers and financial professionals. Management reviews estimates of total contract transaction price and total project costs on an ongoing basis. Changes in job performance, job conditions and management's assessment of expected variable consideration are factors that influence estimates of the total contract transaction price, total costs to complete those contracts and the Company's profit recognition. Changes in these factors could result in revisions to revenue in the period in which the revisions are determined, which could materially affect the Company's consolidated results of operations for that period. Provisions for losses on uncompleted contracts are recorded in the period in which such losses are determined. For both the years ended December 31, 2019 and 2018, project profit was affected by less than 5% as a result of changes in contract estimates included in projects that were in process as of December 31, 2018 and 2017. Revenue recognized for the years ended December 31, 2019 and 2018 as a result of changes in total contract transaction price estimates, including from variable consideration, from performance obligations satisfied or partially satisfied in prior periods, totaled approximately \$58.3 million and \$38.5 million, respectively.

The Company may incur certain costs that can be capitalized, such as initial set-up or mobilization costs. Such costs, which are amortized over the life of the respective projects, were not material for the years ended December 31, 2019 and 2018.

The timing of customer billings is generally dependent upon advance billing terms, milestone billings based on completion of certain phases of work, or when services are provided. Under the typical payment terms of master and other service agreements and fixed price contracts, the customer makes progress payments based on quantifiable measures of performance by the Company as defined by each specific agreement. Progress payments, generally net of amounts retained, are paid by the customer over the duration of the contract. For install-to-the-home contracts, work orders are billed and paid as completed. Amounts billed and due from customers, as well as the amount of contract assets, are generally classified within current assets in the consolidated balance sheets. See Note 5 - Accounts Receivable, Net of Allowance, and Contract Assets and Liabilities for related discussion. Amounts expected to be collected beyond one year are classified as other long-term assets.

Performance Obligations. A performance obligation is a contractual promise to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. The Company's contracts often require significant services to integrate complex activities and equipment into a single deliverable, and are therefore generally accounted for as a single performance obligation, even when delivering multiple distinct services. Contract amendments and change orders, which are generally not distinct from the existing contract, are typically accounted for as a modification of the existing contract and performance obligation. The vast majority of the Company's performance obligations are completed within one year.

When more than one contract is entered into with a customer on or close to the same date, the Company evaluates whether those contracts should be combined and accounted for as a single contract, as well as whether those contracts should be accounted for as one, or more than one, performance obligation. This evaluation requires significant judgment and is based on the facts and circumstances of the various contracts.

Remaining performance obligations represent the amount of unearned transaction prices under contracts for which work is wholly or partially unperformed, including the Company's share of unearned transaction prices from its proportionately consolidated non-controlled joint ventures. As of December 31, 2019, the amount of the Company's remaining performance obligations was \$5.3 billion. The Company expects to recognize approximately \$4.6 billion of its remaining performance obligations as revenue during 2020, with the remainder to be recognized primarily in 2021.

Variable Consideration. Transaction prices for the Company's contracts may include variable consideration, which comprises items such as change orders, claims and incentives. Management estimates variable consideration for a performance obligation utilizing estimation methods that it believes best predict the amount of consideration to which the Company will be entitled. Variable consideration is included in the estimated transaction price if it is probable that when the uncertainty associated with the variable consideration is resolved, there will not be a significant reversal of the cumulative amount of revenue that has been recognized. Management's estimates of variable consideration and the determination of whether to include estimated amounts in transaction prices are based largely on engineering studies and legal opinions, past practices with the customer, specific discussions, correspondence or preliminary negotiations with the customer and all other relevant information that is reasonably available at the time of the estimate. The effect of variable consideration on the transaction price of a performance obligation is typically recognized as an adjustment to revenue on a cumulative catch-up basis, as such variable consideration, which typically pertains to changed conditions and scope, is generally for services encompassed under the existing contract. To the extent unapproved change orders, claims and other variable consideration reflected in transaction prices are not resolved in the Company's favor, or to the extent incentives reflected in transaction prices are not earned, there could be reductions in, or reversals of, previously recognized revenue.

As of December 31, 2019 and 2018, the Company included approximately \$27 million and \$56 million, respectively, of change orders and/or claims in transaction prices for certain contracts that were in the process of being resolved in the ordinary course of business, including through negotiation, arbitration and other proceedings. These transaction price adjustments, when earned, are included within contract assets or accounts receivable, net of allowance, as appropriate. As of both December 31, 2019 and 2018, these change orders and/or claims were primarily related to certain projects in the Company's Oil and Gas segment. The Company actively engages with its customers to complete the final approval process, and generally expects these processes to be completed within one year. Amounts ultimately realized upon final agreement by customers could be higher or lower than such estimated amounts.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management analyzes the collectibility of accounts receivable and the adequacy of the allowance for doubtful accounts on a regular basis taking into consideration the aging of account balances, historical bad debt experience, customer concentrations, customer credit-worthiness, customer financial condition and credit reports, availability of mechanics' and other liens, existence of payment bonds and other sources of payment and the current economic environment. The Company establishes an allowance for anticipated losses on its accounts receivable balances either when a business unit has historical experience of losses that are considered to be ordinary course, and/or for specific receivables, when it is probable that the receivable is not collectible and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible.

If estimates of the collectibility of accounts receivable change, or should customers experience unanticipated financial difficulties, or if anticipated recoveries in existing bankruptcies or other work-out situations fail to materialize, additional allowances may be required. Estimates of collectibility are subject to significant change during times of economic weakness or uncertainty in either the overall economy or within the industries served by MasTec. Management actively monitors the economic environment and its impact on MasTec's customers in connection with its evaluation of the Company's accounts receivable portfolio and the adequacy of its allowance for doubtful accounts.

Inventories

Inventories consist of materials and supplies for construction and installation projects, which are valued at the lower of cost or net realizable value using the average cost or specific identification methods of costing. For materials or supplies purchased on behalf of specific customers or projects, loss of the customer or cancellation of the project could result in an impairment of the value of materials purchased. The value of inventory may also decrease due to obsolescence, physical deterioration, damage, changes in price levels, or other causes. Inventory valuation allowances are determined based upon specific facts and circumstances and market conditions. As of December 31, 2019 and 2018, valuation allowances for inventory totaled \$7.7 million and \$7.8 million, respectively.

Cash and Cash Equivalents

Cash consisting of interest-bearing demand deposits is carried at cost, which approximates fair value. Highly liquid investments with an original maturity of three months or less are carried at fair value. On a daily basis, available funds are swept from the Company's depository accounts into a concentration account and are used to repay outstanding revolving loans under the Company's senior secured credit facility. Cash balances maintained by certain operating subsidiaries and by entities that are proportionately consolidated that are not swept into the concentration account, as well as deposits made subsequent to the daily cash sweep, are classified as cash. Included in the Company's cash balances as of December 31, 2019 and 2018 are amounts held by entities that are proportionately consolidated totaling \$13.1 million and \$11.8 million, respectively. These amounts are available to support the operations of those entities, but are not available for the Company's other operations. The Company generally does not fund its disbursement accounts for checks it has written until the checks are presented to the bank for payment. Outstanding checks that have not yet cleared through the banking system represent book overdrafts, which are classified within accounts payable. There are no compensating balance requirements associated with the Company's depository accounts and there are no other restrictions on the transfer of cash associated with the Company's depository accounts.

Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts and notes receivable, cash collateral deposited with insurance carriers, life insurance assets, equity investments, deferred compensation plan assets and liabilities, accounts payable and other current liabilities, acquisition-related contingent consideration, mandatorily redeemable non-controlling interests and debt obligations.

Fair value is the price that would be received to sell an asset or the amount paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value guidance establishes a valuation hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs that may be used are: (i) Level 1 - quoted market prices in active markets for identical assets or liabilities; (ii) Level 2 - observable market-based inputs or other observable inputs; and (iii) Level 3 - significant unobservable inputs that cannot be corroborated by observable market data, which are generally determined using valuation models incorporating management estimates of market participant assumptions. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Management's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Fair values of financial instruments are estimated using public market prices, quotes from financial institutions and other available information. Due to their short-term maturity, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair values. Management believes the carrying values of notes and other receivables, cash collateral deposited with insurance carriers, and outstanding balances on its credit facilities approximate their fair values.

Investment Arrangements

From time to time, the Company may participate in selected investment or strategic arrangements to expand its operations, customer base or geographic reach, including arrangements that combine the Company's skills and resources with those of others to allow for the performance of particular projects. The Company's investment arrangements include equity interests in various business entities and participation in contractual joint ventures, some of which may involve the extension of loans or other types of financing arrangements.

Management determines whether each business entity in which it has equity interests, debt, or other investments constitutes a variable interest entity ("VIE") based on the nature and characteristics of such arrangements. If an investment arrangement is determined to be a VIE, then management determines if the Company is the VIE's primary beneficiary by evaluating several factors, including the Company's: (i) risks and responsibilities; (ii) ownership interests; (iii) decision making powers; and (iv) financial interests, among other factors. If management determines the Company is the primary beneficiary of a VIE, then it would be consolidated, and other parties' interests in the VIE would be accounted for as non-controlling interests. The primary beneficiary consolidating the VIE must normally have both (i) the power to direct the primary activities of the VIE and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE, which, in either case, could be significant to the VIE. As of December 31, 2019, the Company determined that certain of its investment arrangements were VIEs. Except for one individually insignificant VIE, the Company does not have the power to direct the primary activities that most significantly impact the economic performance of its VIEs nor is it the primary beneficiary. Accordingly, except for the previously mentioned VIE, the Company's VIEs are not consolidated.

The Company's investments in entities for which it does not have a controlling interest and is not the primary beneficiary, but for which it has the ability to exert significant influence, are accounted for using the equity method of accounting. Equity method investments are recorded as other long-term assets. Income or loss from these investments is recorded as a separate line item in the consolidated statements of operations. Intercompany profits or losses associated with the Company's equity method investments are eliminated until realized by the investee in transactions with third parties. Distributions received from equity method investees are reflected in the statements of cash flows using the nature of distributions approach, under which distributions are classified based on the nature of the activity that generated them. For equity investees in which the Company has an undivided interest in the assets, liabilities and profits or losses of an unincorporated entity, but the Company does not exercise control over the entity, the Company consolidates its proportional interest in the accounts of the entity.

Equity investments, other than those accounted for as equity method investments or those that are proportionately consolidated, are measured at fair value if their fair values are readily determinable. Equity investments that do not have readily determinable fair values are measured at cost, adjusted for changes from observable market transactions, less impairment ("adjusted cost basis"). The Company evaluates its investments for impairment by considering a variety of factors, including the earnings capacity of the related investments. Fair value measurements for the Company's equity investments are classified within Level 3 of the fair value hierarchy based on the nature of the fair value inputs. Realized and unrealized gains or losses are recognized in other income or expense.

For further information pertaining to the Company's equity investments, see Note 4 - Fair Value of Financial Instruments.

Deferred Financing Costs

Deferred financing costs relate to the Company's debt instruments, the short and long-term portions of which are reflected as deductions from the carrying amounts of the related debt instrument, including the Company's credit facility. Deferred financing costs are amortized over the terms of the related debt instruments using the effective interest method. The Company incurred \$5.5 million of deferred financing costs for the year ended December 31, 2019 in connection with an amendment and restatement of its senior secured credit facility. Amortization expense associated with deferred financing costs, which is included within interest expense, net, totaled \$2.9 million for both years ended December 31, 2019 and 2018, and totaled \$3.3 million for the year ended December 31, 2017. Deferred financing costs, net of accumulated amortization, totaled \$12.4 million and \$10.1 million as of December 31, 2019 and 2018, respectively.

Other Assets

Other assets consists primarily of investments in unconsolidated entities, life insurance assets, miscellaneous receivables and prepaid expenses.

Long-Lived Assets

The Company's long-lived assets consist primarily of property and equipment, including finance lease assets, and finite-lived intangible assets. Purchased property and equipment are recorded at cost, or, if acquired in a business combination, at the acquisition date fair value. Finance lease assets are recognized based on the present value of minimum future lease payments. Certain costs incurred in connection with developing or obtaining internal-use software are capitalized within office furniture and equipment. Depreciation and amortization of property and equipment, including finance lease assets, is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful lives of the improvements. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements that extend the life of the related assets are capitalized and depreciated over the remaining useful lives of the assets. The carrying amounts of assets sold or retired and the related accumulated depreciation are eliminated in the year of disposal, with resulting gains or losses included in other income or expense. When the Company identifies assets to be sold, those assets are valued based on their estimated fair value less costs to sell, classified as held-for-sale and depreciation is no longer recorded. Finite-lived intangible assets are amortized over their useful lives, which are generally based on contractual or legal rights, in a manner consistent with the pattern in which the related benefits are expected to be consumed.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared with the asset's carrying amount to determine if there has been an impairment, which is calculated as the difference between the fair value of an asset and its carrying value. Estimates of future undiscounted cash flows are based on expected revenue and operating costs for the business as well as anticipated future economic conditions. Fair values take into consideration management's estimates of risk-adjusted discount rates, which are believed to be consistent

with assumptions that marketplace participants would use in their estimates of fair value. For the three years in the period ended December 31, 2019, there were no material impairments of long-lived assets.

Goodwill and Indefinite-Lived Intangible Assets

The Company has goodwill and indefinite-lived intangible assets that have been recorded in connection with its acquisitions of businesses. Goodwill and indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually. The Company performs its annual impairment tests of goodwill and indefinite-lived intangible assets during the fourth quarter of each year, and on a quarterly basis, monitors these assets for potential indicators of impairment. Goodwill is required to be tested for impairment at the reporting unit level. A reporting unit is an operating segment, or one level below the operating segment, which is referred to as a component. Management identifies its reporting units by assessing whether components (i) have discrete financial information available; (ii) engage in business activities; and (iii) have a segment manager that regularly reviews the component's operating results.

If two or more components are deemed economically similar, those components are aggregated into one reporting unit when performing the annual goodwill impairment test. Based on management's review of its components and their related operations, the Company combines all of the components of its Electrical Transmission operating segment into one reporting unit and combines two of the components within its Power Generation and Industrial operating segment into one reporting unit. All of the Company's other components each comprise one reporting unit.

For each of the three years in the period ended December 31, 2019, management performed a qualitative assessment for its goodwill and indefinite-lived intangible assets by examining relevant events and circumstances that could have an effect on their fair values, such as: macroeconomic conditions, industry and market conditions, entity-specific events, financial performance and other relevant factors or events that could affect earnings and cash flows.

2019 Assessment. Based on the results of the qualitative assessments for the year ended December 31, 2019, quantitative testing was performed for (i) three reporting units within the Company's Oil and Gas operating segment and (ii) one reporting unit in the Communications segment. Factors considered by management in determining the reporting units for which quantitative assessments were performed included the effects of current or expected changes in market conditions on the future business outlook, success rates on new project awards and levels of operating activity.

For the selected reporting units, management estimated their fair values using a combination of market and income approaches. Under the market approach, fair values were estimated using published market multiples for comparable companies and applying them to revenue and EBITDA. Under the income approach, a discounted cash flow methodology was used, considering: (i) management estimates, such as projections of revenue, operating costs and cash flows, taking into consideration historical and anticipated financial results; (ii) general economic and market conditions; and (iii) the impact of planned business and operational strategies. Estimated discount rates were determined using the weighted average cost of capital for each reporting unit at the time of the analysis, taking into consideration the risks inherent within each reporting unit individually. In 2019, significant assumptions used in testing the reporting units included terminal values based on terminal growth rates of 3.0%, five to nine years of discounted cash flows prior to the terminal value, and discount rates ranging from 13.0% to 16.0%. Management believes the assumptions used in its quantitative goodwill impairment tests are reflective of the risks inherent in the business models of the Company's reporting units and within the Company's industry.

Based on the results of the quantitative assessment, the estimated fair values of the reporting unit in the Communications operating segment and one of the reporting units in the Oil and Gas operating segment were determined to substantially exceed their carrying values. The remaining two reporting units in the Oil and Gas operating segment, each of which had approximately \$15 million of goodwill, had estimated fair values that exceed their respective carrying values by approximately 15%. A 100 basis point increase in the discount rate would not have resulted in any of the reporting units' carrying values exceeding their fair values.

Management also performed quantitative testing during 2019 for an indefinite-lived pre-qualification intangible asset in the Oil and Gas operating segment. Management estimated the fair value of the intangible asset using a cost methodology, incorporating estimates of the opportunity cost associated with the asset's loss based on discounted cash flows over a four-year period. The impairment test incorporated an estimated discount rate of 13.0%. Based on the results of the quantitative assessment, the estimated fair value of the indefinite-lived pre-qualification intangible asset in the Oil and Gas operating segment was determined to be less than its carrying value and a pre-tax, non-cash impairment charge of \$3.3 million was recorded for the difference. This indefinite-lived pre-qualification intangible asset had a carrying value of \$41.4 million remaining as of December 31, 2019.

2018 Assessment. Based on the results of the qualitative assessments for the year ended December 31, 2018, quantitative testing was performed for (i) three reporting units within the Company's Oil and Gas operating segment, (ii) the Electrical Transmission operating segment, and (iii) two reporting units in the Communications segment. Factors considered by management in determining the reporting units for which quantitative assessments were performed included the passage of time since the last quantitative assessment, the effects of current or expected changes in market conditions on the future business outlook, success rates on new project awards and levels of operating productivity.

For the selected reporting units, management estimated their fair values using a combination of market and income approaches. Under the market approach, fair values were estimated using published market multiples for comparable companies. Under the income approach, a discounted cash flow methodology was used, including: (i) management estimates, such as projections of revenue, operating costs and cash flows, taking into consideration historical and anticipated financial results; (ii) general economic and market conditions; and (iii) the impact of planned business and operational strategies. Estimated discount rates were determined using the weighted average cost of capital for each reporting unit at the time of the analysis, taking into consideration the risks inherent within each reporting unit individually. In 2018, significant assumptions used in testing the reporting units included terminal values based on terminal growth rates ranging from 2.4% to 3.5%, four to nine years of discounted cash flows prior to the terminal value, and discount rates ranging from 11.0% to 16.0%. Management believes the assumptions used in its quantitative goodwill impairment tests are reflective of the risks inherent in the business models of the Company's reporting units and within the Company's industry.

Based on the results of the quantitative assessments, the estimated fair value of one of the reporting units in the Oil and Gas operating segment was determined to be less than its carrying value and a pre-tax, non-cash impairment charge of \$47.7 million was recorded for the difference. This reporting unit has \$14 million of goodwill remaining as of December 31, 2018. The estimated fair value of a separate reporting unit in the Oil and Gas

operating segment, which has goodwill with a carrying value of approximately \$15 million as of December 31, 2018, was determined to exceed its carrying value by approximately 5%, and the estimated fair values of the other reporting units for which quantitative testing was performed were determined to substantially exceed their carrying values as of December 31, 2018. A 100 basis point increase in the discount rate would not have resulted in any additional reporting units' carrying values exceeding their fair values.

Management also performed quantitative testing during 2018 for an indefinite-lived pre-qualification intangible asset in the Oil and Gas operating segment and in the Electrical Transmission operating segment. Management estimated the fair values of these intangible assets using a cost methodology, incorporating estimates of the opportunity cost associated with the assets' loss based on discounted cash flows over a two to four-year period. The impairment tests incorporated estimated discount rates ranging from 13.0% to 14.0%. Based on the results of these assessments, we determined that the estimated fair value of the indefinite-lived pre-qualification asset in the Oil and Gas operating segment, which had a carrying value of \$43 million, exceeded its carrying value by approximately 16%. The estimated fair value of the indefinite-lived pre-qualification asset in the Electrical Transmission operating segment was determined to substantially exceed its carrying value as of December 31, 2018.

2017 Assessment. Based on the results of the qualitative assessments for the year ended December 31, 2017, quantitative testing was performed for the Company's Electrical Transmission operating segment, for one reporting unit in the Company's Power Generation and Industrial operating segment, and for two reporting units within the Oil and Gas operating segment. Management also performed quantitative testing during 2017 for indefinite-lived pre-qualification intangible assets in the Oil and Gas and Electrical Transmission operating segments, as well as for an indefinite-lived trade name intangible asset in the Power Generation and Industrial operating segment. There were no impairments of goodwill or indefinite-lived intangible assets for the year ended December 31, 2017.

As of December 31, 2019 and 2018, management believes that the recorded balances of goodwill and indefinite-lived intangible assets are recoverable; however, significant changes in the assumptions or estimates used in the Company's impairment analyses, such as a reduction in profitability and/or cash flows, could result in non-cash goodwill and indefinite-lived intangible asset impairment charges in future periods.

Business Combinations

The determination of the fair value of net assets acquired in a business combination requires estimates and judgments of future cash flow expectations for the acquired business and the related identifiable tangible and intangible assets. Fair values are calculated using expected cash flows and industry-standard valuation techniques. For current assets and current liabilities, book value is generally assumed to equal fair value. Goodwill is the amount by which consideration paid exceeds the fair value of acquired net assets. Acquisition costs, including acquisition integration costs, are expensed as incurred and are included within general and administrative expenses in the consolidated statements of operations.

Due to the time required to gather and analyze the necessary data for each acquisition, U.S. GAAP provides a "measurement period" of up to one year in which to finalize these fair value determinations. During the measurement period, preliminary fair value estimates may be revised if new information is obtained about the facts and circumstances existing as of the date of acquisition, or based on the final net assets and working capital of the acquired business, as prescribed in the applicable purchase agreement. Such adjustments may result in the recognition, or adjust the fair values, of acquisition-related assets and liabilities and/or consideration paid, and are referred to as "measurement period" adjustments. Other revisions to these fair value estimates are reflected as income or expense, as appropriate.

Consideration paid generally consists of cash and potential future payments that are contingent upon the acquired business achieving certain levels of earnings in the future, also referred to as "acquisition-related contingent consideration" or "earn-outs." In one of the Company's acquisitions, the acquisition consideration includes a mandatorily redeemable non-controlling interest, subject to a repurchase formula, which is calculated in a manner consistent with the Company's traditional earn-out arrangements. The Company refers to its traditional earn-out arrangements and the mandatorily redeemable non-controlling interest collectively as "Earn-outs." Earn-out liabilities are measured at their estimated fair values as of the date of acquisition. Subsequent to the date of acquisition, if future Earn-out payments are expected to differ from Earn-out payments estimated as of the date of acquisition, any related fair value adjustments are recognized in the period that such expectation is considered probable. Changes in the fair value of Earn-out liabilities, other than those related to measurement period adjustments, as described above, are recorded within other income or expense in the consolidated statements of operations for traditional earn-outs, and within interest expense for mandatorily redeemable non-controlling interests. Fair values are estimated using income approaches such as discounted cash flows or option pricing models. Earn-out liabilities are included within other current and other long-term liabilities, as appropriate, within the consolidated balance sheets. Earn-out payments are generally classified within financing activities in the consolidated statement of cash flows, except to the extent such payments exceed acquisition-date liabilities. Such excess payments are classified within operating activities.

Leases

See "Recent Accounting Pronouncements" section below for information pertaining to the adoption of ASU 2016-02, *Leases (Topic 842)*.

In the ordinary course of business, the Company enters into agreements that provide financing for machinery and equipment and for other of its facility, vehicle and equipment needs, including related party leases. The Company reviews all agreements to determine if a leasing arrangement exists. When a leasing arrangement is identified, a determination is made at inception as to whether the lease is an operating or a finance lease. A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether a lease exists, the Company considers whether a contract provides both the right to obtain substantially all of the economic benefits from the use of an asset and the right to direct the use of the asset. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the minimum future lease payments over the expected term of the lease. The Company's lease assets are primarily concentrated in vehicles, machinery and equipment.

Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the consolidated balance sheets unless the lease contains a purchase option that is reasonably certain to be exercised, or unless it is reasonably certain that the equipment will be leased for greater than twelve months. Lease payments for short-term leases are recognized on a straight-line basis over the lease term, and primarily relate to equipment used on construction projects, for which the rentals are based on daily, weekly or monthly rental rates, and typically contain termination

for convenience provisions. Lease determinations are reassessed in the event of a change in lease terms. The Company has a limited number of sublease arrangements, which are not considered material to the consolidated financial statements.

As of December 31, 2019, the Company's leases have remaining lease terms of up to ten years. Lease agreements may contain renewal clauses, which, if elected, generally extend the term of the lease for one to five years for both equipment and facility leases. Certain lease agreements may also contain options to purchase the leased property and/or options to terminate the lease. In addition, lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance or other expenses, which are generally referred to as non-lease components. The Company elected the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. The Company's lease agreements do not contain significant residual value guarantees or material restrictive covenants.

Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment, and are based on the facts and circumstances of each lease. Economic incentives, intent, past history and business need are among the factors considered to determine if renewal and/or purchase options are reasonably certain to be exercised. The majority of the Company's lease agreements do not explicitly state the discount rate implicit in the lease, therefore, the Company generally uses an incremental borrowing rate to determine the value of its lease obligations. The incremental borrowing rate represents the rate of interest that would be paid to borrow on a collateralized basis over a similar term. The Company determines its incremental borrowing rate using a portfolio approach based on information available as of the lease commencement date, including applicable lease terms and the current economic environment.

Finance Leases

Finance lease assets are recorded within property and equipment, with a corresponding amount recorded within the Company's debt obligations. Finance lease expense is composed of depreciation expense on the leased asset and interest on the lease liability. Additions to finance leases are included within the supplemental disclosures of non-cash information in the consolidated statements of cash flows. Many of the Company's finance leases contain purchase options, which the Company frequently exercises, given that the purchase option prices are typically below the estimated fair market values of the related assets.

Operating Leases

Beginning in 2019, operating lease right-of-use assets and liabilities are recognized on the consolidated balance sheets, with the related lease expense recognized over the term of the lease on a straight-line basis. Operating lease expense is recorded as rent expense, primarily within costs of revenue, excluding depreciation and amortization. Fixed costs for operating leases are composed of initial base rent amounts plus any fixed annual increases. Variable costs for operating leases consist primarily of common area maintenance expenses and taxes for facility leases. Certain of the Company's operating leases contain purchase options, for which the purchase option price is generally considered to be at fair market value. From time to time, the Company may terminate a lease before the end of the lease term. Payments related to such early lease terminations are generally recorded within rent expense.

Self-Insurance

The Company is self-insured up to the amount of its deductible for its insurance policies. MasTec maintains insurance policies subject to per claim deductibles of \$1.8 million for its workers' compensation policy, \$3.0 million for its general liability policy and up to \$8.0 million for its automobile liability policy. In addition, the Company has excess umbrella coverage. Estimated liabilities under these insurance programs are accrued based upon management's estimates of the ultimate liability for claims reported and an estimate of claims incurred but not reported, with assistance from third-party actuaries. MasTec also maintains an insurance policy with respect to employee group medical claims, which is subject to annual per employee maximum losses of \$0.5 million. MasTec's estimated liability for employee group medical claims is based on statistical analysis of historical claims experience and specific knowledge of actual losses that have occurred. The Company is required to post collateral, generally in the form of letters of credit, surety bonds and cash to certain of its insurance carriers. Cash collateral deposited with insurance carriers is included in other long-term assets in the consolidated balance sheets.

The present value of the Company's self-insurance liability is reflected in the consolidated balance sheets within current and other long-term liabilities, as appropriate. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly. These insurance liabilities are, however, difficult to assess and estimate due to many factors, the effects of which are often unknown or difficult to estimate, including the severity of an injury, the determination of the Company's liability in proportion to other parties' liability and the number of incidents not reported. Accruals are based upon known facts and historical trends. Although management believes its accruals are adequate, a change in experience or actuarial assumptions could materially affect the Company's results of operations in a particular period.

Income Taxes

The Company records income taxes using the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and income tax basis of the Company's assets and liabilities. Income taxes are estimated in each of the jurisdictions in which the Company operates. This process involves estimating the tax exposure, together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included, net, within the consolidated balance sheets as long-term assets and/or liabilities, as appropriate. The recording of a deferred tax asset assumes the realization of such asset in the future. Otherwise, a valuation allowance is recorded to reduce the asset to its estimated net realizable value. If management determines that the Company may not be able to realize all or part of a deferred tax asset in the future, a valuation allowance for the deferred tax asset is charged to income tax expense in the period the determination is made. Management considers future pretax income and ongoing prudent and feasible tax planning strategies in assessing the estimated net realizable value of tax assets and the corresponding need for any related valuation allowances.

In determining the provision for income taxes, management uses an effective tax rate based on annual pre-tax income, statutory tax rates, permanent tax differences and tax planning opportunities in the various jurisdictions in which the Company operates. The Company is generally free

of additional U.S. federal tax consequences on distributed foreign subsidiary earnings. The Company has generally not provided for U.S. income taxes on unremitted foreign earnings because such earnings are considered to be insignificant.

Significant factors that affect the annual effective tax rate include management's assessment of certain tax matters, the location and amount of taxable earnings, changes in certain non-deductible expenses and expected credits. In December 2017, the "2017 Tax Act" was enacted, which included broad tax reform that was applicable to the Company. See Note 12 - Income Taxes for additional discussion.

An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. In the ordinary course of business, there is inherent uncertainty in quantifying income tax positions. The Company assesses its income tax positions and records tax benefits for all years subject to examination based on management's evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recognized the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the Company's financial statements.

The Company and its subsidiaries file income tax returns in numerous tax jurisdictions, including U.S. federal, most U.S. states and certain foreign jurisdictions. Although management believes its calculations for tax returns are correct and the positions taken thereon are reasonable, the final outcome of income tax examinations could be materially different from the resolution management currently anticipates and the estimates that are reflected in the Company's consolidated financial statements, which could materially affect the Company's results of operations, cash flows and liquidity in a particular period. To the extent interest and penalties are assessed by taxing authorities, such amounts are accrued and included within income tax expense.

Stock-Based Compensation

The Company has certain stock-based compensation plans, under which restricted stock awards and restricted stock units (together "restricted shares") are available for issuance to eligible participants. Non-cash stock-based compensation expense is included within general and administrative expense in the consolidated statements of operations. Share-based payments, to the extent they are compensatory, are recognized based on their grant date fair values. Forfeitures are recorded as they occur. The Company records a deferred tax asset, or future tax benefit, based on the amount of share-based compensation recognized in the financial statements over the vesting period of share-based awards. The tax effects of differences between the fair value of a share-based award on the date of vesting and the date of grant, also referred to as excess tax benefits or tax deficiencies, are recognized within the provision for income taxes in the period such vestings occur.

Grants of restricted shares are valued based on the closing market share price of MasTec's common stock as reported on the New York Stock Exchange (the "market price") on the date of grant. Compensation expense arising from restricted shares is recognized on a straight line basis over the vesting period. Grants of restricted shares have cliff vesting terms, which generally vest over a period of three years. Upon vesting, some of the underlying shares may be sold to cover the required tax withholdings. However, some participants may choose the net share settlement method to cover withholding tax requirements, in which case shares are not issued, but are treated as common stock repurchases in the consolidated financial statements, as they reduce the number of shares that would have been issued upon vesting. The Company then pays the corresponding withholding taxes to the appropriate taxing authorities in cash on behalf of the recipient. Withheld shares, which are valued at the market price on the date of vesting, are recorded as a reduction to additional paid-in capital and are reflected within financing activities in the consolidated statements of cash flows. For the year ended December 31, 2019, shares withheld in connection with stock-based compensation arrangements were de minimis. Shares withheld in connection with stock-based compensation arrangements totaled approximately 96,739, and 138,519 for the years ended December 31, 2018 and 2017, respectively, and payments to taxing authorities for withheld shares totaled \$3.8 million and \$6.2 million, respectively.

The Company has certain employee stock purchase plans (collectively, "ESPPs") under which shares of the Company's common stock are available for purchase by eligible participants. These plans allow participants to purchase MasTec, Inc. common stock at 85% of its fair market value at the lower of (i) the date of commencement of the offering period or (ii) the last day of the exercise period, as defined in the plan documents. The fair value of purchases under the Company's employee stock purchase plans is estimated using the Black-Scholes option-pricing valuation model. The determination of fair value of stock-based awards using an option-pricing model is affected by the Company's stock price as well as assumptions pertaining to several variables, including expected stock price volatility, the expected term of the award and the risk-free rate of interest. In the option-pricing model for the Company's employee stock purchase plans, expected stock price volatility is based on historical volatility of the Company's common stock. The expected term of the award is based on historical and expected exercise patterns and the risk-free rate of interest is based on U.S. Treasury yields.

Collective Bargaining Agreements and Multiemployer Plans

Certain of MasTec's subsidiaries, including certain subsidiaries in Canada, are party to various collective bargaining agreements with unions representing certain of their employees. These agreements require the subsidiaries party to the agreements to pay specified wages, provide certain benefits to their union employees and contribute certain amounts to multiemployer pension and other multiemployer benefit plans and trusts ("MEPPs"). These contributions are recorded as a component of employee wages and salaries within costs of revenue, excluding depreciation and amortization. Contributions are generally based on fixed amounts per hour per employee for employees covered under these plans. Multiemployer plan contribution rates are determined annually and assessed on a "pay-as-you-go" basis based on union employee payrolls. The Pension Protection Act of 2006, as amended, (the "PPA") requires pension plans that are underfunded to improve their funding ratios within prescribed intervals based on their level of underfunding, under which benefit reductions may apply and/or participating employers could be required to make additional contributions. In addition, if a multiemployer defined benefit plan fails to satisfy certain minimum funding requirements, the IRS may impose on the employers contributing to such plans a non-deductible excise tax of 5% of the amount of the accumulated funding deficiency. Union payrolls cannot be determined for future periods because the number of union employees employed at any given time, and the plans in which they may participate, vary depending upon the location and number of ongoing projects at a given time and the need for union resources in connection with those projects. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to the ones contained in the expiring agreements.

Under current law pertaining to employers that are contributors to U.S.-registered multiemployer defined benefit plans, a plan's termination, an employer's voluntary withdrawal from, or the mass withdrawal of contributing employers from, an underfunded multiemployer defined benefit plan requires participating employers to make payments to the plan for their proportionate share of the multiemployer plan's unfunded vested liabilities. These liabilities include an allocable share of the unfunded vested benefits of the plan for all plan participants, not only for benefits payable to participants of the contributing employer. As a result, participating employers may bear a higher proportion of liability for unfunded vested benefits if the other participating employers cease to contribute to, or withdraw from, the plan. The allocable portion of liability to participating employers could be more disproportionate if employers that have withdrawn from the plan are insolvent, or if they otherwise fail to pay their proportionate share of the withdrawal liability. If the Company is subject to a withdrawal liability, the related withdrawal charge is recorded as a component of employee wages and salaries within costs of revenue, excluding depreciation and amortization, with any related liability recorded within other current and/or other long-term liabilities, as appropriate. The Company's participation in the multiemployer pension plans is evaluated by management on an ongoing basis. See Note 10 - Other Retirement Plans and Note 14 - Commitments and Contingencies.

Restructuring Activities

From time to time, the Company may incur costs to streamline its business operations. These streamlining efforts, which are designed to improve profitability, could include eliminating service offerings that no longer fit into the Company's business plan, certain integration activities for acquired businesses, reducing or eliminating services or operations that do not produce adequate revenue or margins, or reducing costs of business units that need margin improvements. The costs associated with these efforts, which the Company refers to as restructuring charges, include such items as employee separation costs, lease termination expenses and losses on disposal of excess fixed assets. When these efforts are related to circumstances that are significant, unique in nature and outside of the course of the Company's normal and periodic business streamlining efforts, the related amount of restructuring charges included within the consolidated financial statements is aggregated and accompanied by a discussion of the nature of such restructuring activities. Restructuring charges are included within the applicable line item(s) in the consolidated statement of operations based on the nature of the expense incurred.

Litigation and Contingencies

Accruals for litigation and contingencies are reflected in the consolidated financial statements based on management's assessment, including advice of legal counsel, of the expected outcome of litigation or other dispute resolution proceedings and/or the expected resolution of contingencies. Liabilities for estimated losses are accrued if the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated. Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount is reasonably estimable. Accruals are based only on information available at the time of the assessment due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the Company's results of operations in a given period.

Comprehensive Income (Loss)

Comprehensive income or loss is a measure of net income and other changes in equity that result from transactions other than those with shareholders. Comprehensive income or loss and related accumulated comprehensive income or loss balances, consist of net income, foreign currency translation adjustments, primarily from fluctuations in foreign currency exchange rates of the Company's foreign subsidiaries with a functional currency other than the U.S. dollar, unrealized gains and losses from certain investment activities and net income or loss attributable to non-controlling interests.

Recent Accounting Pronouncements

See the lease accounting discussion within Significant Accounting Policies above, and the recent accounting pronouncements discussion below, for information pertaining to the effects of recently adopted and other recent accounting pronouncements.

Other Accounting Pronouncements Adopted in 2019

Leases. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, *Leases (Topic 842)*, which, together with its related clarifying ASUs (collectively, "ASU 2016-02"), provided revised guidance for lease accounting and related disclosure requirements, including a requirement for lessees to recognize right-of-use assets and lease liabilities on the balance sheet for leases with durations greater than twelve months. Under ASU 2016-02, leases are classified by lessees as either finance or operating leases. Lease expense is recognized based on an effective interest method for finance leases, and on a straight-line basis over the term of the lease for operating leases.

The Company adopted ASU 2016-02 using the modified retrospective method during the first quarter of 2019, without adjusting comparative periods in the financial statements. The most significant effect of the new guidance was the recognition of operating lease right-of-use assets and a liability for operating leases. The accounting for finance leases (or, under previous guidance, capital leases) was substantially unchanged. The Company elected to utilize the package of practical expedients that allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; (3) not reassess initial direct costs for any existing leases; and (4) not separate non-lease components for all classes of leased assets. The Company recognized approximately \$230 million of lease assets and liabilities for operating leases upon adoption of ASU 2016-02. The adoption of Topic 842 did not have a material effect on the Company's results of operations or cash flows. For additional information about the Company's leases, see Note 8 - Lease Obligations.

Reclassification of Tax Effects from Other Comprehensive Income. In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"). ASU 2018-02, which the Company adopted during the first quarter of 2019, permits entities to reclassify the tax effects related to the change in the federal tax rate as a result of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act") from accumulated other comprehensive income to retained earnings. The Company elected not to reclassify these tax effects, therefore, this ASU had no effect on its consolidated financial statements.

Accounting Pronouncements To Be Adopted in 2020

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40) Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15") to reduce diversity in practice in accounting for the costs of implementing cloud computing arrangements that are service contracts. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for internal-use software. Accounting for the service element of the cloud computing arrangement is not affected by the new guidance. Under ASU 2018-15, amortization expense, payments for and asset balances related to such capitalized implementation costs are to be presented within the same line items of the entity's statements of operations, cash flows and balance sheets, respectively, as the related service fee activity and balances would be presented. ASU 2018-15 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. The Company will adopt ASU 2018-15 in the first quarter of 2020 and is assessing the potential effect of this ASU on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13, which is intended to improve the effectiveness of fair value measurement disclosures, modifies the disclosure requirements for certain estimates and assumptions used in determining the fair value of assets and liabilities. ASU 2018-13 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The adoption of this ASU is not expected to have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This ASU, together with its related clarifying ASUs (collectively, "ASU 2016-13"), introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including trade and financing receivables. The current expected credit loss methodology, which is based on historical experience, current conditions and reasonable and supportable forecasts, replaces the probable/incurred loss model for measuring and recognizing expected losses under current GAAP, and could result in earlier recognition of credit losses. ASU 2016-13 also requires enhanced disclosures pertaining to significant estimates and judgments used in estimating credit losses under the current expected credit loss methodology. ASU 2016-13 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with the cumulative effect of adoption recorded as an adjustment to retained earnings, if applicable. The Company is finalizing its implementation of the new credit losses standard and is updating certain of its business processes and internal controls to meet the reporting and disclosure requirement of the new ASU. The new guidance, which the Company will adopt in the first quarter of 2020, is not expected to materially affect the amount of expense recognized under the Company's current practices and is not expected to have a material effect on the Company's consolidated financial statements.

Other Recent Accounting Pronouncements

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815* ("ASU 2020-01") to clarify the interaction in accounting for equity securities under Topic 321, investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the potential effect of this ASU on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which eliminates certain exceptions to the existing guidance for income taxes related to the approach for intra-period tax allocations, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This ASU also simplifies the accounting for income taxes by clarifying and amending existing guidance related to the effects of enacted changes in tax laws or rates in the effective tax rate computation, the recognition of franchise tax and the evaluation of a step-up in the tax basis of goodwill, among other clarifications. ASU 2019-12 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the potential effect of this ASU on its consolidated financial statements.

Note 2 – Earnings Per Share

Basic earnings or loss per share is computed by dividing net income attributable to MasTec by the weighted average number of common shares outstanding for the period, which excludes non-participating unvested restricted share awards. Diluted earnings per share is computed by dividing net income attributable to MasTec by the weighted average number of fully diluted shares, as calculated under the treasury stock method, which includes the potential effect of dilutive common stock equivalents, such as issued but unvested restricted shares. If the Company reports a loss, rather than income, the computation of diluted loss per share excludes the effect of dilutive common stock equivalents, as their effect would be anti-dilutive.

The following table provides details underlying the Company's earnings per share calculations for the periods indicated (in thousands):

	For the Years Ended December 31,		
	2019	2018	2017
Net income attributable to MasTec:			
Net income - basic and diluted ^(a)	\$ 392,334	\$ 259,659	\$ 347,213
Weighted average shares outstanding:			
Weighted average shares outstanding - basic	75,185	78,695	80,903
Dilutive common stock equivalents ^(b)	661	1,077	1,422
Weighted average shares outstanding - diluted	75,846	79,772	82,325

- (a) Calculated as total net income less amounts attributable to non-controlling interests.
(b) For the years ended December 31, 2019, 2018 and 2017, anti-dilutive common stock equivalents were de minimis.

The Company repurchased approximately 7.2 million shares of its common stock during the year ended December 31, 2018, as discussed in Note 11 - Equity. The effect of these repurchases on the Company's weighted average shares outstanding for the years ended December 31, 2019 and 2018 was a reduction of 4.4 million shares and 2.8 million shares, respectively, due to the timing of the repurchases, which occurred throughout 2018.

Note 3 – Goodwill and Other Intangible Assets

The following table provides a reconciliation of changes in goodwill by reportable segment for the periods indicated (in millions):

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Total Goodwill
Goodwill, gross, as of December 31, 2017	\$ 466.4	\$ 460.4	\$ 149.9	\$ 135.8	\$ 1,212.5
Accumulated impairment loss ^(a)	—	(74.8)	—	—	(74.8)
Goodwill, net, as of December 31, 2017	\$ 466.4	\$ 385.6	\$ 149.9	\$ 135.8	\$ 1,137.7
Additions from new business combinations	—	—	—	9.8	9.8
Measurement period adjustments, net ^(b)	1.4	5.7	—	(2.5)	4.6
Goodwill impairment	—	(47.7)	—	—	(47.7)
Currency translation adjustments	—	(4.0)	—	—	(4.0)
Goodwill, net, as of December 31, 2018	\$ 467.8	\$ 339.6	\$ 149.9	\$ 143.1	\$ 1,100.4
Additions from new business combinations	73.2	37.7	—	9.5	120.4
Measurement period adjustments, net ^(b)	0.3	(0.4)	—	—	(0.1)
Currency translation adjustments	—	0.7	—	—	0.7
Goodwill, net, as of December 31, 2019	\$ 541.3	\$ 377.6	\$ 149.9	\$ 152.6	\$ 1,221.4
Accumulated impairment loss ^(a)	—	(121.5)	—	—	(121.5)
Goodwill, gross, as of December 31, 2019	\$ 541.3	\$ 499.1	\$ 149.9	\$ 152.6	\$ 1,342.9

- (a) Accumulated impairment losses include the effects of currency translation gains and/or losses.
(b) Represents adjustments to preliminary estimates of fair value within the measurement period of up to one year from the date of acquisition.

The following table provides a reconciliation of changes in other intangible assets, net, for the periods indicated (in millions):

	Other Intangible Assets				
	Non-Amortizing		Amortizing		
	Trade Names	Pre-Qualifications	Customer Relationships and Backlog	Other ^(a)	Total
Other intangible assets, gross, as of December 31, 2017	\$ 34.5	\$ 77.6	\$ 223.0	\$ 21.8	\$ 356.9
Accumulated amortization			(152.4)	(13.4)	(165.8)
Other intangible assets, net, as of December 31, 2017	\$ 34.5	\$ 77.6	\$ 70.6	\$ 8.4	\$ 191.1
Additions from new business combinations	—	—	3.3	0.3	3.6
Measurement period adjustments ^(b)	—	—	—	(0.7)	(0.7)
Amortization expense			(19.2)	(1.4)	(20.6)
Currency translation adjustments	—	(3.6)	(0.3)	(0.1)	(4.0)
Other intangible assets, net, as of December 31, 2018	\$ 34.5	\$ 74.0	\$ 54.4	\$ 6.5	\$ 169.4
Additions from new business combinations	—	0.2	67.7	5.2	73.1
Measurement period adjustments ^(b)	—	—	(6.7)	(0.2)	(6.9)
Intangible asset impairment	—	(3.3)	—	—	(3.3)
Amortization expense			(20.2)	(2.8)	(23.0)
Currency translation adjustments	—	2.0	0.1	0.1	2.2
Other intangible assets, net, as of December 31, 2019	\$ 34.5	\$ 72.9	\$ 95.3	\$ 8.8	\$ 211.5
Remaining weighted average amortization period (in years)			9	6	9

(a) Consists principally of trade names and non-compete agreements.

(b) Represents adjustments to preliminary estimates of fair value within the measurement period of up to one year from the date of acquisition.

Amortization expense associated with intangible assets for the years ended December 31, 2019, 2018 and 2017 totaled \$23.0 million, \$20.6 million and \$20.9 million, respectively. Expected future amortization expense as of December 31, 2019 is summarized in the following table (in millions):

	Amortization Expense
2020	\$ 24.5
2021	18.9
2022	15.5
2023	11.6
2024	8.5
Thereafter	25.1
Total	\$ 104.1

2019 Acquisitions. During 2019, MasTec completed six acquisitions, one of which specializes in water infrastructure for pipeline companies and is included within the Company's Oil and Gas segment, four of which are included within the Company's Communications segment, including a wireline/fiber deployment construction contractor and a telecommunications company specializing in a broad range of end-to-end wireless telecommunications solutions, and one of which specializes in construction projects in the power industry and is included in the Company's Power Generation and Industrial segment. For all but one of these acquisitions, the Company acquired all of the equity interests in the related entities. For the telecommunications company specializing in wireless telecommunications solutions, the Company acquired 96% of the entity's equity interests, with the obligation to acquire the balance over time.

The following table summarizes the fair values of consideration paid and net assets acquired for the 2019 acquisitions as of the respective dates of acquisition, as adjusted (in millions). Determination of the estimated fair values of the net assets acquired and the estimated contingent consideration and other liabilities for these acquisitions was preliminary as of December 31, 2019; as a result, further adjustments to these estimates may occur.

Acquisition consideration:		2019
Cash, net of cash acquired and other	\$	175.0
Estimated fair value of contingent consideration and other liabilities		38.9
Total consideration transferred	\$	213.9
Identifiable assets acquired and liabilities assumed:		
Current assets, primarily composed of accounts receivable	\$	90.0
Property and equipment, including finance leases and other long-term assets		55.2
Amortizing intangible assets		66.1
Current liabilities, including current portion of finance lease obligations and long-term debt		(94.1)
Long-term debt, including finance lease obligations		(2.4)
Deferred income taxes and other long-term liabilities		(21.3)
Total identifiable net assets	\$	93.5
Goodwill	\$	120.4
Total net assets acquired, including goodwill	\$	213.9

Amortizing intangible assets related to the 2019 acquisitions are primarily composed of customer relationships, backlog and certain other intangible assets, which had weighted average lives, as adjusted, of approximately 11 years, 2 years and 5 years, respectively, and a weighted average life of 11 years in total. Amortizing intangible assets are amortized in a manner consistent with the pattern in which the related benefits are expected to be consumed. The goodwill balances for the respective acquisitions represent the estimated value of each acquired company's geographic presence in key markets, its assembled workforce and management team's industry-specific project management expertise, as well as synergies expected to be achieved from the combined operations of the acquired companies and MasTec. Approximately \$12 million of the goodwill balance related to the 2019 acquisitions is expected to be tax deductible as of December 31, 2019. Additionally, current liabilities in the table above include amounts due to former owners, who, subsequent to acquisition, are members of subsidiary management, of approximately \$11 million, of which \$2 million was subsequently paid pursuant to the terms of the related purchase agreement.

The contingent consideration and other liabilities included in the table above is composed of \$22.2 million of earn-out liabilities, which equal a portion of the acquired companies' earnings before interest, taxes, depreciation and amortization ("EBITDA") in excess of thresholds agreed upon with the sellers, if applicable and a mandatorily redeemable non-controlling interest, subject to a repurchase formula, totaling \$16.7 million, which is calculated in a manner consistent with the Company's traditional earn-out arrangements. The Company refers to its traditional earn-out arrangements and the mandatorily redeemable non-controlling interest collectively as "Earn-outs," both of which are recorded within other current and other long-term liabilities in the consolidated balance sheets. Earn-outs are generally payable annually for a period of five years, as set forth in the respective purchase agreements. The fair values of the Earn-outs were estimated using income approaches such as discounted cash flows or option pricing models and incorporate significant inputs not observable in the market. Key assumptions in the estimated valuations include the discount rate and probability-weighted EBITDA projections. Significant changes in any of these assumptions could result in significantly higher or lower potential Earn-out liabilities. As of December 31, 2019, the range of remaining potential undiscounted Earn-out liabilities for the 2019 acquisitions was estimated to be between \$2 million and \$82 million; however, there is no maximum payment amount.

2018 Acquisitions. During 2018, MasTec acquired all of the equity interests in a construction management firm specializing in steel building systems and acquired a wind turbine services company, both of which are included in the Company's Power Generation and Industrial segment. The aggregate purchase price for these entities, as adjusted, was composed of approximately \$5.1 million in cash, net of cash acquired, and estimated earn-out liabilities, net, totaling \$1.5 million. As of December 31, 2019, the range of remaining potential undiscounted earn-out liabilities, net, for the 2018 acquisitions was estimated to be up to \$6 million; however, there is no maximum payment amount.

2017 Acquisitions. During 2017, MasTec completed three acquisitions, which included all of the equity interests in: (i) a wireline/fiber deployment construction contractor, which is included in the Company's Communications segment; (ii) a heavy civil construction services company, which is included in the Company's Power Generation and Industrial segment; and (iii) an oil and gas pipeline equipment company, which is included in the Company's Oil and Gas segment. The aggregate purchase price for these entities, as adjusted, was composed of approximately \$117.6 million in cash, net of cash acquired, and estimated earn-out liabilities, net, totaling \$98.5 million. As of December 31, 2019, the range of remaining potential undiscounted earn-out liabilities, net, for the 2017 acquisitions was estimated to be between \$52 million and \$187 million; however, there is no maximum payment amount.

Pro Forma Financial Information and Acquisition Results. For the years ended December 31, 2019, 2018 and 2017, unaudited supplemental pro forma revenue totaled approximately \$7,417.9 million, \$7,407.8 million and \$6,724.8 million, respectively, and unaudited supplemental pro forma net income totaled approximately \$405.8 million, \$258.7 million and \$351.3 million, respectively.

These unaudited pro forma financial results include the results of operations of acquired companies as if those companies had been consolidated as of the beginning of the year prior to their acquisition, and are provided for illustrative purposes only. These unaudited pro forma financial results do not purport to be indicative of the actual results that would have been achieved by the combined companies for the periods indicated, or of the results

that may be achieved by the combined companies in the future. The Company's unaudited pro forma financial results were prepared by adding the unaudited historical results of acquired businesses to the historical results of MasTec, and then adjusting those combined results for (i) acquisition costs; (ii) amortization expense from acquired intangible assets; (iii) interest expense from cash consideration paid; (iv) interest expense from debt repaid upon acquisition; and (v) other purchase accounting related adjustments. These unaudited pro forma financial results do not include adjustments to reflect other cost savings or synergies that may have resulted from these acquisitions. Future results may vary significantly due to future events and other factors, many of which are beyond the Company's control.

For the years ended December 31, 2019, 2018 and 2017, the Company's consolidated results of operations included acquisition-related revenue of approximately \$188.3 million, \$154.4 million and \$160.1 million, respectively. For the year ended December 31, 2019, acquisition-related net loss totaled approximately \$1.4 million, and for the years ended December 31, 2018 and 2017, acquisition-related net income totaled approximately \$1.4 million and \$10.2 million, respectively, based on the Company's consolidated effective tax rates. These acquisition-related results do not include the effects of acquisition costs or interest expense associated with consideration paid for the related acquisitions.

Note 4 – Fair Value of Financial Instruments

Acquisition-Related Contingent Consideration and Other Liabilities

Acquisition-related contingent consideration and other liabilities is composed of Earn-outs. As of December 31, 2019 and 2018, the estimated fair value of the Company's Earn-out liabilities totaled \$173.2 million and \$118.1 million, respectively, of which \$54.1 million and \$29.6 million, respectively, was included within other current liabilities. The fair values of the Company's Earn-out liabilities are estimated using income approaches such as discounted cash flows or option pricing models, both of which incorporate significant inputs not observable in the market (Level 3 inputs), including management's estimates and entity-specific assumptions, and are evaluated on an ongoing basis. Key assumptions include the discount rate and probability-weighted projections of earnings before interest, taxes, depreciation and amortization ("EBITDA"). Significant changes in any of these assumptions could result in significantly higher or lower potential Earn-out liabilities. As of December 31, 2019, the range of potential undiscounted Earn-out liabilities was estimated to be between \$54 million and \$274 million; however, there is no maximum payment amount.

Earn-out activity consists primarily of additions from new business combinations; changes in the expected fair value of future payment obligations; and payments. Measurement period adjustments for Earn-out liabilities, which are fair value adjustments relating to new information obtained about the facts and circumstances existing as of the date of acquisition for a period of up to one year, are recorded to goodwill. Other revisions to the expected fair values of the Company's traditional earn-out liabilities are reflected as income or expense, as appropriate, and, for the mandatorily redeemable non-controlling interest, are recorded as interest expense, net. Earn-out payments, to the extent they relate to estimated liabilities as of the date of acquisition, are reflected within financing activities in the consolidated statements of cash flows. Payments in excess of acquisition date liabilities are classified within operating activities.

For the years ended December 31, 2019, 2018 and 2017, additions to acquisition-related contingent consideration and other liabilities from new business combinations totaled approximately \$45.2 million, \$1.5 million and \$102.5 million, respectively. For the year ended December 31, 2019, fair value adjustments totaled a net increase of approximately \$51.0 million, and primarily related to earn-outs for businesses in the Company's Oil and Gas and Communications segments. Fair value adjustments, including those related to finalization of completed earn-out arrangements, totaled a net increase of approximately \$17.5 million for the year ended December 31, 2018, primarily for businesses in the Company's Oil and Gas and Communications segments, and for the year ended December 31, 2017, totaled a decrease of \$12.3 million for businesses in the Company's Communications and Electrical Transmission segments. Measurement period adjustments totaled a decrease of approximately \$6.1 million for the year ended December 31, 2019 and related primarily to businesses in the Company's Oil and Gas and Communications segments. Measurement period adjustments totaled a net increase of approximately \$5.0 million for the year ended December 31, 2018 and related primarily to a business in the Company's Oil and Gas segment. Earn-out payments totaled \$35.0 million, \$23.1 million and \$18.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Equity Investments

The Company's equity investments as of December 31, 2019 include: (i) the Company's 33% equity interests in Trans-Pecos Pipeline, LLC ("TPP") and Comanche Trail Pipeline, LLC ("CTP," and together with TPP, the "Waha JVs"), which are accounted for as equity method investments; (ii) a \$15 million investment in Cross Country Infrastructure Services, Inc. ("CCI"); (iii) the Company's interests in certain proportionately consolidated non-controlled contractual joint ventures; (iv) the Company's equity interests in Pensare Acquisition Corp. ("Pensare"); and (v) certain other equity investments.

As of December 31, 2019 and 2018, the aggregate carrying value of the Company's equity investments totaled approximately \$196 million and \$197 million, respectively, including approximately \$18 million of equity investments measured on an adjusted cost basis as of both December 31, 2019 and 2018. There were no impairments of, or material changes in, the fair value of these investments during either of the years then ended.

The Waha JVs. The Waha JVs own and operate two pipelines and a header system that transport natural gas to the Mexican border for export. For the years ended December 31, 2019, 2018 and 2017, the Company made equity contributions to these joint ventures of approximately \$1 million, \$28 million and \$73 million, respectively.

Equity in earnings related to the Company's proportionate share of income from the Waha JVs, which is included within the Company's Other segment, totaled approximately \$27.3 million, \$23.9 million and \$21.3 million for the years ended December 31, 2019, 2018 and 2017, respectively. Cumulative undistributed earnings from the Waha JVs, which represents cumulative equity in earnings for the Waha JVs less distributions of earnings, totaled \$48.0 million as of December 31, 2019. Distributions of earnings from the Waha JVs, which are included within operating cash flows, totaled \$9.1 million and \$10.9 million for the years ended December 31, 2019 and 2018, respectively. The Company's net investment in the Waha JVs, which differs from its proportionate share of the net assets of the Waha JVs, due primarily to capitalized investment costs, totaled approximately \$174 million and \$168 million as of December 31, 2019 and 2018, respectively. In the past, certain subsidiaries of MasTec have provided pipeline construction

services to the Waha JVs. Revenue recognized in connection with work performed for the Waha JVs, including intercompany eliminations, totaled \$256.1 million for the year ended December 31, 2017.

The Waha JVs are party to separate non-recourse financing facilities, each of which are secured by pledges of the equity interests in the respective entities, as well as a first lien security interest over virtually all of their assets. The Waha JVs are also party to certain interest rate swaps, which are accounted for as qualifying cash flow hedges. The Company reflects its proportionate share of any unrealized fair market value gains or losses from fluctuations in interest rates associated with these swaps within other comprehensive income or loss, as appropriate. For the year ended December 31, 2019, the Company's proportionate share of unrecognized unrealized activity on these interest rate swaps totaled losses of approximately \$19.9 million, or \$15.0 million, net of tax, and for the years ended December 31, 2018 and 2017, totaled gains of approximately \$7.7 million and \$0.8 million, respectively, or \$5.9 million and \$0.5 million, net of tax, respectively.

Other Investments. During 2017, the Company paid \$2.0 million for approximately 4% of the common stock of Pensare and warrants to purchase 2.0 million shares of Pensare common stock, which is a special purpose acquisition company focusing on transactions in the telecommunications industry. José R. Mas, MasTec's Chief Executive Officer, is a director of Pensare. The shares of common stock purchased by MasTec are not transferable or salable until one year after Pensare successfully completes a business combination transaction, with limited exceptions, as specified in the agreement. The warrants are exercisable at a purchase price of \$11.50 per share after Pensare successfully completes a business combination transaction. Both the warrants and the shares contain an expiration and/or forfeiture clause without the successful completion of a business combination transaction, for which the completion date was extended in the fourth quarter of 2019 from December 1, 2019 to April 1, 2020. On July 25, 2019, Pensare entered into a business combination agreement with Stratos Management Systems, Inc. and its operating companies, which do business as Computex Technology Solutions (collectively, "Computex"), an information technology service provider, the completion of which is pending. During the year ended December 31, 2019, certain holders of Pensare's redeemable common stock elected to redeem their shares, the effect of which was to increase the Company's ownership interest in Pensare to approximately 21%. The Company does not have the ability to exert significant influence over the operating and financial policies of Pensare, therefore, the shares are measured on an adjusted cost basis.

The warrants, which are derivative financial instruments, and the shares are included within other long-term assets in the Company's consolidated financial statements as of both December 31, 2019 and 2018. Due to the nature of the restrictions, the fair value of the shares is not readily determinable. The fair value of the warrants is determined based on observable and unobservable Level 3 inputs, including market volatility and the rights and obligations of the warrants. For both the years ended December 31, 2019 and 2018, there were no material changes in the fair value of the Company's investment in Pensare.

The Company has equity interests in two telecommunications entities that provide certain services to MasTec. Expense recognized in connection with these arrangements totaled \$7.0 million for the year ended December 31, 2019, and related amounts payable were de minimis as of December 31, 2019.

During 2018, the Company invested \$10.0 million for an equity interest of approximately 40% in LifeShield, LLC ("LifeShield"), a home security company, which was measured under the fair value option. As of December 31, 2018, the fair value of this investment was determined to approximate its purchase price. In February 2019, the Company sold its equity interest in LifeShield for approximately \$11 million, subject to customary escrow arrangements.

In connection with a 2014 acquisition, the Company acquired an investment that was subsequently managed by a receiver, and in 2019, was liquidated. The Company received \$3.9 million, \$5.4 million and \$22.5 million of proceeds from the receiver during the years ended December 31, 2019, 2018, and 2017, respectively.

Summarized Financial Information of Equity Method Investments

The following presents summarized information for the entities that comprise the Company's significant equity method investments (in millions):

	December 31,		
	2019	2018	
Current assets	\$ 144.5	\$ 137.3	
Long-term assets	1,359.9	1,352.1	
Total assets	\$ 1,504.4	\$ 1,489.4	
Current liabilities	\$ 34.9	\$ 31.3	
Long-term liabilities	978.6	966.1	
Total liabilities	\$ 1,013.5	\$ 997.4	

	For the Years Ended December 31,		
	2019	2018	2017
Revenue	\$ 152.4	\$ 145.8	\$ 114.5
Net income	\$ 82.8	\$ 72.4	\$ 64.5

Senior Notes

As of both December 31, 2019 and 2018, the gross carrying amount of the Company's 4.875% senior notes due March 15, 2023 (the "4.875% Senior Notes"), which are measured at fair value on a non-recurring basis, totaled \$400 million. As of December 31, 2019 and 2018, the estimated fair value of the 4.875% Senior Notes, based on Level 1 inputs, totaled \$404.5 million and \$392.0 million, respectively.

Note 5 – Accounts Receivable, Net of Allowance, and Contract Assets and Liabilities

The following table provides details of accounts receivable, net of allowance and contract assets (together "accounts receivable, net") as of the dates indicated (in millions):

	December 31,	
	2019	2018
Contract billings	\$ 860.4	\$ 687.6
Less allowance for doubtful accounts	(10.1)	(16.3)
Accounts receivable, net of allowance	\$ 850.3	\$ 671.3
Retainage	\$ 345.2	\$ 230.2
Unbilled receivables	679.4	1,022.4
Contract assets	\$ 1,024.6	\$ 1,252.6

Contract billings represent the amount of performance obligations that have been billed but not yet collected. Contract assets consist of unbilled receivables (previously referred to as costs and earnings in excess of billings) and retainage. Unbilled receivables represent the estimated value of unbilled work for projects with performance obligations recognized over time. Retainage represents a portion of the contract amount that has been billed, but for which the contract allows the customer to retain a portion of the billed amount until final contract settlement (generally, from 5% to 10% of contract billings). Retainage is not considered to be a significant financing component because the intent is to protect the customer. Unbilled receivables and retainage amounts are generally classified as current assets within the Company's consolidated balance sheets. The decrease in the unbilled receivables balance for the year ended December 31, 2019 was driven largely by timing of billings and collections for long-haul project activity in the Company's Oil and Gas segment, offset, in part, by increases on certain projects in our Communications and Power Generation and Industrial segment. Retainage that has been billed, but is not due until completion of performance and acceptance by customers, is generally expected to be collected within one year. Accounts receivable balances expected to be collected beyond one year are recorded within other long-term assets. For the years ended December 31, 2019 and 2018, provisions for doubtful accounts totaled \$1.7 million and \$8.6 million, respectively, and amounts charged against the allowance totaled \$7.9 million and \$0.5 million, respectively. Impairment losses on contract assets were not material for the year ended December 31, 2019.

Contract liabilities, which are generally classified within current liabilities on the Company's consolidated balance sheets, consist primarily of deferred revenue (previously referred to as billings in excess of costs and earnings). Under certain contracts, the Company may be entitled to invoice the customer and receive payments in advance of performing the related contract work. In those instances, the Company recognizes a liability for advance billings in excess of revenue recognized, which is referred to as deferred revenue. Deferred revenue is not considered to be a significant financing component because it is generally used to meet working capital demands that can be higher in the early stages of a contract. Contract liabilities also include the amount of any accrued project losses. Total contract liabilities, including accrued project losses, totaled approximately \$206.2 million and \$231.6 million as of December 31, 2019 and 2018, respectively, of which deferred revenue comprised approximately \$184.1 million and \$227.1 million, respectively. For the year ended December 31, 2019, the Company recognized revenue of approximately \$199.2 million related to amounts that were included in deferred revenue as of December 31, 2018, resulting primarily from the advancement of physical progress on the related projects during the period.

The Company is party to non-recourse financing arrangements in the ordinary course of business, under which certain receivables are settled with the customer's bank in return for a nominal fee. These arrangements, under which amounts can vary based on levels of activity, interest rates and changes in customer payment terms, improve the collection cycle time of the related receivables. Cash collected from these arrangements is reflected within cash provided by operating activities in the consolidated statements of cash flows. The discount charge, which is included within interest expense, net, totaled approximately \$10.1 million, \$11.1 million and \$6.0 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Note 6 – Property and Equipment, Net

The following table provides details of property and equipment, net, including property and equipment held under finance leases as of the dates indicated (in millions):

	December 31,		Estimated Useful Lives (in years)
	2019	2018	
Land	\$ 4.9	\$ 4.6	
Buildings and leasehold improvements	35.8	30.3	3-40
Machinery and equipment	1,659.4	1,391.8	2-20
Office furniture and equipment	197.3	166.7	3-7
Construction in progress	26.1	20.1	
Total property and equipment	\$ 1,923.5	\$ 1,613.5	
Less accumulated depreciation and amortization	(1,017.7)	(865.7)	
Property and equipment, net	\$ 905.8	\$ 747.8	

The gross amount of capitalized internal-use software, which is included within office furniture and equipment, totaled \$138.2 million and \$122.0 million as of December 31, 2019 and 2018, respectively. Capitalized internal-use software, net of accumulated amortization, totaled \$31.5 million and \$26.5 million as of December 31, 2019 and 2018, respectively. Depreciation and amortization expense associated with property and equipment for the years ended December 31, 2019, 2018 and 2017 totaled \$212.5 million, \$192.3 million and \$167.2 million, respectively. Accrued capital expenditures, the effects of which are excluded from capital expenditures in the Company's consolidated statements of cash flows given their non-cash nature, totaled \$5.2 million and \$4.0 million as of December 31, 2019 and 2018, respectively.

Note 7 – Debt

The following table provides details of the carrying values of debt as of the dates indicated (in millions):

Description	Maturity Date	December 31,	
		2019	2018
Senior secured credit facility:	September 19, 2024		
Revolving loans		\$ 339.2	\$ 456.9
Term loan		400.0	376.9
4.875% Senior Notes	March 15, 2023	400.0	400.0
Finance lease and other obligations		305.6	183.2
Total long-term debt obligations		\$ 1,444.8	\$ 1,417.0
Less unamortized deferred financing costs		(12.4)	(10.1)
Total debt, net of deferred financing costs		\$ 1,432.4	\$ 1,406.9
Current portion of long-term debt		118.4	82.7
Long-term debt		\$ 1,314.0	\$ 1,324.2

Senior Secured Credit Facility

The Credit Facility, which is a senior secured credit facility, was amended and restated on September 19, 2019 (the "Credit Facility"). The Credit Facility, which has a maturity date of September 19, 2024, increased the Company's aggregate borrowing commitments from approximately \$1.5 billion to \$1.75 billion as of December 31, 2019, which amount is composed of \$1.35 billion of revolving commitments and a term loan in the aggregate principal amount of \$400 million. The term loan is subject to amortization in quarterly principal installments of \$2.5 million commencing in December 2020, which amount will increase to \$5.0 million commencing in December 2021. Quarterly principal installments on the term loan are subject to adjustment, if applicable, for certain prepayments.

The Credit Facility allows the Company to borrow either in Canadian dollars and/or Mexican pesos, up to an aggregate equivalent amount of \$300 million. The maximum amount available for letters of credit under the Credit Facility is \$650 million, of which up to \$200 million can be denominated in either Canadian dollars and/or Mexican pesos. The Credit Facility also provides for swing line loans of up to \$125 million, and, subject to certain conditions, the Company has the option to increase revolving commitments and/or establish additional term loan tranches equal to the Incremental Facilities Limit (as defined in the Credit Facility). Subject to the terms and conditions described in the Credit Facility, these additional term loan tranches may rank equal or junior in respect of right of payment and/or collateral to the Credit Facility, and may, subject to certain limitations in the Credit Facility, have terms that differ from the Credit Facility. Borrowings under the Credit Facility are used for working capital requirements, capital expenditures and other corporate purposes, including equity investments, potential acquisitions or other strategic arrangements, the repurchase or prepayment of indebtedness, including repayment of term loans, and share repurchases.

Outstanding revolving loans and the term loan under the Credit Facility bear interest, at the Company's option, at a rate equal to either (a) a Eurocurrency Rate, as defined in the Credit Facility, plus a margin of 1.25% to 1.75% (under the previous Credit Facility, the margin was from 1.25% to 2.00%), or (b) a Base Rate, as defined in the Credit Facility, plus a margin of 0.25% to 0.75% (under the previous Credit Facility the margin was 0.25% to 1.00%). The Base Rate equals the highest of (i) the Federal Funds Rate, as defined in the Credit Facility, plus 0.50%, (ii) Bank of America's prime rate, and (iii) the Eurocurrency Rate plus 1.00%. Financial standby letters of credit and commercial letters of credit issued under the Credit Facility are subject to a letter of credit fee of 1.25% to 1.75% (under the previous Credit Facility, the letter of credit fee was from 1.25% to 2.00%), and performance standby letters of credit issued under the Credit Facility are subject to a letter of credit fee of 0.375% to 0.75% (under the previous Credit Facility, the letter of credit fee was from 0.50% to 1.00%). The Company must also pay a commitment fee to the lenders of 0.20% to 0.30% on any unused availability under the Credit Facility (under the previous Credit Facility, the fee was from 0.20% to 0.40%). In each of the foregoing cases, the applicable margin or fee is based on the Company's Consolidated Leverage Ratio, as defined in the Credit Facility, as of the then most recent fiscal quarter.

As of December 31, 2019 and 2018, outstanding revolving loans, which included \$138 million and \$128 million, respectively, of borrowings denominated in foreign currencies, accrued interest at weighted average rates of approximately 3.50% and 4.23% per annum, respectively. The term loan accrued interest at a rate of 3.05% and 4.27% as of December 31, 2019 and 2018, respectively. Letters of credit of approximately \$98.0 million and \$88.2 million were issued as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, letter of credit fees accrued at 0.375% and 0.875% per annum, respectively, for performance standby letters of credit, and at 1.25% and 1.75% per annum, respectively, for financial standby letters of credit. Outstanding letters of credit mature at various dates and most have automatic renewal provisions, subject to prior notice of cancellation. As of December 31, 2019 and 2018, availability for revolving loans totaled \$912.8 million and \$554.9 million, respectively, or up to \$552.0 million and \$554.9 million, respectively, for new letters of credit. Revolving loan borrowing capacity included \$162.4 million and \$91.9 million of availability in either Canadian dollars or Mexican pesos as of December 31, 2019 and 2018, respectively. The unused facility fee as of December 31, 2019 and 2018 accrued at a rate of 0.20% and 0.35%, respectively.

The Credit Facility is guaranteed by certain subsidiaries of the Company (the "Guarantor Subsidiaries") and the obligations under the Credit Facility are secured by substantially all of the Company's and the Guarantor Subsidiaries' respective assets, subject to certain exceptions. Under the Credit Facility, if the Loan Party EBITDA, as defined, as of the last four consecutive fiscal quarters does not represent at least 80% of the Adjusted Consolidated EBITDA, as defined in the Credit Facility, for such period, then the Company must designate additional subsidiaries as Guarantor Subsidiaries, and cause them to join the applicable guaranty and security agreements to the Credit Facility. Additionally, any domestic subsidiary with consolidated EBITDA of at least 15% of the Adjusted Consolidated EBITDA must become a Guarantor Subsidiary and join the applicable guaranty and security agreements.

The Credit Facility requires that the Company maintain a maximum Consolidated Leverage Ratio, as defined in the Credit Facility, of 3.50 times (subject to the Acquisition Adjustment described below). The Credit Facility also requires that the Company maintain a minimum Consolidated Interest Coverage Ratio, as defined in the Credit Facility, of 3.00 times. The Credit Facility provides that, for purposes of calculating the Consolidated Leverage Ratio, funded indebtedness excludes undrawn standby performance letters of credit and is further reduced by unrestricted cash over certain thresholds. Additionally, notwithstanding the terms discussed above, subject to certain conditions, if a Permitted Acquisition, as defined in the Credit Facility, or series of Permitted Acquisitions having consideration exceeding \$100 million occurs during a fiscal quarter, the maximum Consolidated Leverage Ratio may be temporarily increased to up to 4.00 times during such fiscal quarter and the subsequent four fiscal quarters (the "Acquisition Adjustment"). Such right may be exercised no more than two times during the term of the Credit Facility. Subject to customary exceptions, the Credit Facility limits the Borrowers' (as defined in the Credit Facility) and the Guarantor Subsidiaries' ability to engage in certain activities, including acquisitions, mergers and consolidations, debt incurrence, investments, asset sales, debt prepayments, lien incurrence and the making of cash distributions or repurchases of the Company's common stock. However, distributions payable solely in common stock are not restricted. The Credit Facility provides for customary events of default and carries cross-default provisions with the Company's other significant debt instruments, including the Company's indemnity agreement with its surety provider, as well as customary remedies, including the acceleration of repayment of outstanding amounts and other remedies with respect to the collateral securing the Credit Facility obligations.

Other Credit Facilities. The Company has other credit facilities that support: (i) the working capital requirements of its foreign operations, and (ii) certain letter of credit issuances. Borrowings under the Company's foreign credit facilities, which have varying dates of maturity and are generally renewed on an annual basis, are denominated in Canadian dollars. As of both December 31, 2019 and 2018, maximum borrowing capacity under these credit facilities totaled Canadian \$20.0 million, or approximately \$15.4 million and \$14.7 million, respectively, and there were no outstanding borrowings. Outstanding borrowings that are not renewed are repaid with borrowings under the Credit Facility. Accordingly, the carrying amounts of the Company's borrowings under its other credit facilities, which are included within other debt obligations in the table above, are classified within long-term debt in the Company's consolidated balance sheets. Additionally, the Company has a separate credit facility, which is renewable on an annual basis, under which it may issue up to \$50.0 million of performance standby letters of credit. As of December 31, 2019 and 2018, letters of credit issued under this facility totaled \$17.1 million and \$40.2 million, respectively, and accrued fees at 0.40% and 0.75% per annum, respectively. The Company's other credit facilities are subject to customary provisions and covenants.

4.875% Senior Notes

The Company has \$400 million of 4.875% Senior Notes due March 15, 2023, which were issued in 2013 in a registered public offering. Interest on the 4.875% Senior Notes is payable on March 15 and September 15 of each year. The 4.875% Senior Notes are senior unsecured unsubordinated obligations and rank equal in right of payment with existing and future unsubordinated debt, and rank senior in right of payment to existing and future subordinated debt and are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by certain of the Company's existing and future 100%-owned direct and indirect domestic subsidiaries that are each guarantors of the Credit Facility or other outstanding indebtedness. See Note 17 - Supplemental Guarantor Condensed Consolidating Financial Information. The 4.875% Senior Notes are effectively junior to MasTec's secured debt, including the Credit Facility and the term loan, to the extent of the value of the assets securing that debt.

The Company has the option to redeem all or a portion of the 4.875% Senior Notes at any time at the redemption prices set forth in the indenture that governs the 4.875% Senior Notes (the "4.875% Senior Notes Indenture") plus accrued and unpaid interest, if any, to the redemption date. The

4.875% Senior Notes Indenture, among other things, generally limits the ability of the Company and certain of its subsidiaries, subject to certain exceptions, to (i) incur additional debt and issue preferred stock, (ii) create liens, (iii) pay dividends, acquire shares of capital stock, make payments on subordinated debt or make investments, (iv) place limitations on distributions from certain subsidiaries, (v) issue guarantees, (vi) issue or sell the capital stock of certain subsidiaries, (vii) sell assets, (viii) enter into transactions with affiliates and (ix) effect mergers. The 4.875% Senior Notes Indenture provides for customary events of default, as well as customary remedies upon an event of default, as defined in the 4.875% Senior Notes Indenture, including acceleration of repayment of outstanding amounts.

Debt Covenants

MasTec was in compliance with the provisions and covenants of its outstanding debt instruments as of December 31, 2019 and 2018.

Contractual Maturities of Debt

Contractual maturities of MasTec's debt, which includes finance lease obligations, as of December 31, 2019 were as follows (in millions):

2020	\$	118.4
2021		114.9
2022		85.2
2023		441.0
2024		685.3
Thereafter		—
Total	\$	1,444.8

As of December 31, 2019 and 2018, accrued interest payable, which is recorded within other accrued expenses in the consolidated balance sheets, totaled \$7.5 million and \$7.4 million, respectively.

Note 8 – Lease Obligations

See Note 1 - Business, Basis of Presentation and Significant Accounting Policies for information pertaining to the Company's adoption of ASU 2016-02, *Leases* (Topic 842).

Finance Leases

The gross amount of assets held under finance leases as of December 31, 2019 and 2018 totaled \$463.5 million and \$337.6 million, respectively. Assets held under finance leases, net of accumulated depreciation, totaled \$375.9 million and \$246.8 million as of December 31, 2019 and 2018, respectively. Depreciation expense associated with assets held under finance leases totaled \$48.6 million for the year ended December 31, 2019.

Operating Leases

Operating lease additions for the year ended December 31, 2019, excluding the effect of adoption of ASU 2016-02 of approximately \$230 million, totaled \$103 million. For the year ended December 31, 2019, rent expense for operating leases that have terms in excess of one year totaled approximately \$114.5 million, of which \$10.4 million represented variable lease costs. The Company also incurred rent expense for operating leases with terms of one year or less totaling approximately \$448.2 million for the year ended December 31, 2019. For the years ended December 31, 2018 and 2017, rent and related expense for operating leases that have non-cancelable terms in excess of one year totaled approximately \$115.0 million and \$104.2 million, respectively, and rent and related expense for operating leases having original terms of one year or less totaled approximately \$472.1 million and \$461.0 million, respectively. Rent expense for operating leases is generally consistent with the amount of the related payments, and is included within operating activities in the consolidated statements of cash flows.

Additional Lease Information

Future minimum lease commitments as of December 31, 2019 were as follows (in millions):

	Finance Leases	Operating Leases
2020	\$ 122.4	\$ 88.8
2021	107.9	65.9
2022	67.4	41.6
2023	21.4	20.2
2024	1.1	12.8
Thereafter	—	28.7
Total minimum lease payments	\$ 320.2	\$ 258.0
Less amounts representing interest	(18.9)	(21.8)
Total lease obligations, net of interest	\$ 301.3	\$ 236.2
Less current portion	111.6	81.6
Long-term portion of lease obligations, net of interest	\$ 189.7	\$ 154.6

As of December 31, 2019, finance leases had a weighted average remaining lease term of 2.8 years and a weighted average discount rate of 4.1%. Non-cancelable operating leases had a weighted average remaining lease term of 4.2 years and a weighted average discount rate of 4.2% as of December 31, 2019. As of December 31, 2019, future lease obligations for leases that had not yet commenced totaled approximately \$1.4 million. These leases commence in 2020 with lease terms ranging from one to four years.

Note 9 – Stock-Based Compensation and Other Employee Benefit Plans

The Company's stock-based compensation plans, under which shares of the Company's common stock are reserved for issuance, include: the MasTec, Inc. 2013 Incentive Compensation Plan (as amended from time to time, the "2013 Incentive Plan"), the MasTec, Inc. Bargaining Units Employee Stock Purchase Plan (the "2013 Bargaining Units ESPP") and the MasTec, Inc. 2011 Amended and Restated Employee Stock Purchase Plan (the "2011 ESPP," and, together with the 2013 Bargaining Units ESPP, the "ESPPs"). The 2013 Incentive Plan permits a total of approximately 7,391,000 shares of the Company's common stock to be issued. Under the Company's ESPPs, shares of the Company's common stock are available for purchase by eligible participants, which collectively permit the issuance of up to 3,000,000 new shares of MasTec, Inc. common stock. Under all stock-based compensation plans in effect as of December 31, 2019, there were approximately 3,865,000 shares available for future grant.

Non-cash stock-based compensation expense under all plans totaled \$16.4 million, \$13.5 million and \$15.7 million for the years ended December 31, 2019, 2018 and 2017, respectively. Income tax benefits associated with stock-based compensation arrangements totaled \$7.9 million, \$4.9 million and \$11.2 million for the years ended December 31, 2019, 2018 and 2017, respectively, including net tax benefits related to the vesting of share-based payment awards totaling \$3.9 million, \$1.6 million and \$5.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Restricted Shares

MasTec grants restricted stock awards and restricted stock units (together, "restricted shares") to eligible participants, which are valued based on the closing market share price of MasTec common stock (the "market price") on the date of grant. During the restriction period, holders of restricted stock awards are entitled to vote the shares. As of December 31, 2019, total unearned compensation related to restricted shares was approximately \$33.5 million, which is expected to be recognized over a weighted average period of approximately 2.3 years. The total fair value of restricted shares that vested, which is based on the market price on the date of vesting, totaled \$25.0 million, \$16.6 million and \$39.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Activity, restricted shares: ^(a)	Restricted Shares	Per Share Weighted Average Grant Date Fair Value
Non-vested restricted shares, as of December 31, 2017	1,448,591	\$ 23.29
Granted	423,596	41.41
Vested	(554,900)	17.73
Canceled/forfeited	(47,054)	22.26
Non-vested restricted shares, as of December 31, 2018	1,270,233	\$ 31.80
Granted	458,670	53.67
Vested	(494,910)	18.54
Canceled/forfeited	(12,400)	33.87
Non-vested restricted shares, as of December 31, 2019	1,221,593	\$ 45.36

(a) Includes 18,700 and 27,550 restricted stock units as of December 31, 2018 and 2017, respectively.

Employee Stock Purchase Plans

The following table provides details pertaining to the Company's ESPPs for the periods indicated:

	For the Years Ended December 31,		
	2019	2018	2017
Cash proceeds (in millions)	\$ 4.7	\$ 4.2	\$ 3.3
Common shares issued	111,136	110,506	92,145
Weighted average price per share	\$ 42.46	\$ 37.98	\$ 35.92
Weighted average per share grant date fair value	\$ 10.71	\$ 9.36	\$ 9.24

401(k) Plan. MasTec has a 401(k) plan covering all eligible employees, which allows participants to contribute up to 75% of their pre-tax annual compensation to the plan, subject to certain limitations. Company contributions under the plan are based upon a percentage of the employee's salary, subject to certain limitations as defined by the plan. During the years ended December 31, 2019, 2018 and 2017, matching contributions totaled approximately \$16.5 million, \$13.4 million and \$11.9 million, respectively.

Deferred Compensation Plans. MasTec offers a deferred compensation plan to its highly compensated employees. These employees are allowed to contribute a percentage of their pre-tax annual compensation to the deferred compensation plan. The Company also offers a deferred compensation plan to its Board of Directors, under which directors may elect to defer the receipt of compensation for their services. Total deferred compensation plan assets, which are included within other long-term assets in the consolidated balance sheets, totaled \$11.9 million and \$10.0 million as of December 31, 2019 and 2018, respectively. Total deferred compensation plan liabilities, which are included within other long-term liabilities in the consolidated balance sheets, totaled \$12.3 million and \$10.2 million as of December 31, 2019 and 2018, respectively.

Note 10 – Other Retirement Plans

Multiemployer Plans.

As discussed in Note 1 - Business, Basis of Presentation and Significant Accounting Policies, certain of MasTec's subsidiaries, including certain subsidiaries in Canada, are party to various collective bargaining agreements with unions representing certain of their employees, which require the Company to pay specified wages, provide certain benefits to their union employees and contribute certain amounts to MEPPs. The PPA defines the funding rules for defined benefit pension plans and establishes funding classifications for U.S.-registered multiemployer pension plans. Under the PPA, plans are classified into one of the following five categories, based on multiple factors, also referred to as a plan's "zone status": Green (safe), Yellow (endangered), Orange (seriously endangered), and Red (critical or critical and declining). Factors included in the determination of a plan's zone status include: funded percentage, cash flow position and whether the plan is projecting a minimum funding deficiency.

A multiemployer plan that is so underfunded as to be in "endangered," "seriously endangered," "critical," or "critical and declining" status (as determined under the PPA) is required to adopt a funding improvement plan ("FIP") or a rehabilitation plan ("RP"), which, among other actions, could include decreased benefits and increased employer contributions, which could take the form of a surcharge on benefit contributions. These actions are intended to improve their funding status over a period of years. If a pension fund is in critical status, a participating employer must pay an automatic surcharge in addition to contributions otherwise required under the collective bargaining agreement ("CBA"). With some exceptions, the surcharge is equal to 5% of required contributions for the initial critical year and 10% for each succeeding plan year in which the plan remains in critical status. The surcharge ceases on the effective date of a CBA (or other agreement) that includes contribution and benefit terms consistent with the rehabilitation plan. Certain plans in which the Company participates are in "endangered," "seriously endangered," "critical," or "critical and declining" status. The amount of additional funds, if any, that the Company may be obligated to contribute to these plans in the future cannot be estimated due to the uncertainty of the future levels of work that could be required of the union employees covered by these plans, as well as the required future contribution rates and possible surcharges applicable to these plans. See Note 14 - Commitments and Contingencies for additional information.

Details of significant multiemployer pension plans as of and for the periods indicated, based upon information available to the Company from plan administrators as well as publicly available information on the U.S. Department of Labor website, are provided in the following table:

	Employer Identification Number	Plan Number	Contributions (In millions) For the Years Ended December 31,			Expiration Date of CBA	Pension Protection Act Zone Status						
			2019	2018	2017		2019	As of	2018	As of	FIP/RP Status	Surcharge	
Multiemployer Pension Plan													
Central Pension Fund of the IUOE & Participating Employers	36-6052390	001	\$ 12.6	\$20.4	\$21.6	05/31/2020	Green	01/31/2019	Green	01/31/2018	NA	No	
Pipeline Industry Pension Fund	73-6146433	001	9.6	20.7	28.8	05/31/2020	Green	12/31/2018 (a)	Green	12/31/2017 (a)	NA	No	
International Union of Operating Engineers Local 132 Pension Fund	55-6015364	001	5.0	5.6	2.3	05/31/2020	Green	03/31/2019 (a)	Green	03/31/2018	NA	No	
West Virginia Laborers' Pension Trust Fund	55-6026775	001	4.9	4.5	3.0	05/31/2020	Green	03/31/2019 (a)	Green	03/31/2018 (a)	NA	No	
Teamsters National Pipe Line Pension Plan	46-1102851	001	4.5	7.4	7.6	05/31/2020	Green	12/31/2018 (a)	Green	12/31/2017 (a)	NA	No	
IBEW Local 1249 Pension Plan	15-6035161	001	3.2	2.2	1.5	05/02/2021	Green	12/31/2018	Yellow	12/31/2017	NA	No	
Laborers' National Pension Fund	75-1280827	001	3.0	4.1	3.5	05/31/2020	Red	12/31/2018 (a)	Red	12/31/2017	Implemented	No	
Laborers' District Council of Western Pennsylvania Pension Fund	25-6135576	001	1.9	1.4	0.6	05/31/2020	Yellow	12/31/2018	Red	12/31/2017	Implemented	No	
Midwest Operating Engineers Pension Trust Fund	36-6140097	001	1.8	1.5	0.1	05/31/2020	Yellow	03/31/2019 (b)	Yellow	03/31/2018 (b)	Implemented	No	
Employer- Teamsters Local Nos. 175 & 505 Pension Trust Fund	55-6021850	001	1.7	1.5	0.3	05/31/2020	Red	12/31/2018 (a), (b)	Red	12/31/2017 (b)	Implemented	No	
Laborers' Local Union No. 158 Pension Plan	23-6580323	001	1.5	1.5	1.8	05/31/2020	Green	12/31/2018 (a)	Green	12/31/2017 (a)	NA	No	
Laborers' Pension Fund of Roanoke, Virginia	54-6111015	001	1.5	2.5	0.1	05/31/2020	Green	09/30/2018 (a)	Green	09/30/2017	NA	No	
Laborers District Council & Contractors Pension Fund of Ohio	31-6129964	001	1.4	1.8	2.5	05/31/2020	Green	12/31/2018	Green	12/31/2017	NA	No	
Central Laborers' Pension Fund	37-6052379	001	1.3	0.9	0.5	05/31/2020	Yellow	12/31/2018 (b)	Yellow	12/31/2017 (b)	Implemented	No	
National Electrical Benefit Fund	53-0181657	001	1.2	1.4	1.8	Varies through 5/31/2021	Green	12/31/2018	Green	12/31/2017	NA	No	
Michigan Laborers' Pension Plan	38-6233976	001	1.1	1.5	2.0	05/31/2020	Yellow	08/31/2019	Yellow	08/31/2018 (b)	Implemented	No	
Ohio Operating Engineers Pension Plan	31-6129968	001	0.8	2.1	4.9	05/31/2020	Green	07/31/2018	Green	07/31/2017	NA	No	
Operating Engineers' Local 324 Pension Fund	38-1900637	001	—	0.6	2.1	05/31/2020	Red	04/30/2019	Red	04/30/2018	Implemented	No	
Other funds			9.9	10.8 (c)	7.1 (c)								
Total multiemployer pension plan contributions			\$ 66.9	\$ 92.4	\$ 92.1								

(a) The Company's contributions to this plan represent greater than 5% of the plan's total contributions.

(b) This plan has utilized extended amortization provisions, which provide plans with extensions of time to amortize pension funding shortfalls.

(c) Contribution amounts for 2018 and 2017 include approximately \$0.2 million and \$0.7 million, respectively, for Canadian multiemployer pension plans. Canadian multiemployer pension plans are not subject to the provisions of ERISA or the funding rules under the PPA that apply to U.S. registered multiemployer pension plans. Contributions to Canadian multiemployer pension plans are based on fixed amounts per hour per employee for employees covered under these plans.

The number of union employees employed at a given time, and the plans in which they participate, varies depending upon the location and number of ongoing projects and the need for union resources in connection with those projects. Total contributions to multiemployer plans, and the related number of employees covered by these plans, including with respect to the Company's Canadian operations for the periods indicated, were as follows:

For the Years Ended December 31:	Multiemployer Plans				
	Covered Employees		Contributions (in millions)		
	Low	High	Pension	Other Multiemployer	Total
2019	1,119	5,349	\$ 66.9	\$ 5.7	\$ 72.6
2018	1,626	6,336	\$ 92.4	\$ 7.3	\$ 99.7
2017	550	7,057	\$ 92.1	\$ 10.3	\$ 102.4

The fluctuations in the number of employees covered under multiemployer plans and related contributions in the table above related primarily to timing of activity for the Company's union resource-based projects, the majority of which are within its oil and gas operations.

Note 11 – Equity

Share Activity

The Company's share repurchase programs provide for the repurchase of shares of MasTec common stock from time to time in open market transactions or in privately-negotiated transactions in accordance with applicable securities laws. The timing and the amount of any repurchases is determined based on market conditions, legal requirements, cash flow and liquidity needs and other factors. The Company's share repurchase programs do not have an expiration date and may be modified or suspended at any time at the Company's discretion. Share repurchases, which are recorded at cost and are held in the Company's treasury, are funded with available cash or with availability under the Credit Facility. The Company may use either authorized and unissued shares or treasury shares to meet share issuance requirements. Treasury stock is recorded at cost.

For the year ended December 31, 2019, share repurchases, which were completed under the Company's September 2018 \$150 million share repurchase program, totaled approximately \$0.6 million. During the year ended December 31, 2018, the Company repurchased approximately 7.2 million shares of its common stock for an aggregate purchase price of \$319.0 million. Of the 7.2 million repurchased shares, 2.9 million were repurchased for \$120.6 million under the Company's September 2018 \$150 million share repurchase program, 2.0 million were repurchased for \$98.4 million under a \$100 million share repurchase program that was established in 2016 and completed in the first quarter of 2018 and 2.3 million were repurchased under the Company's March 2018 \$100 million share repurchase program that was completed in the third quarter of 2018. During the year ended December 31, 2017, share repurchases totaled approximately \$1.6 million.

As of December 31, 2019, \$128.8 million was available for future share repurchases under all of the Company's open share repurchase programs, which included \$28.8 million under the Company's September 2018 share repurchase program, and the full amount of the Company's December 2018 \$100 million share repurchase program.

Accumulated Other Comprehensive Loss

A rollforward of activity within accumulated other comprehensive income (loss) for the periods indicated was as follows (in thousands):

	For the Years Ended December 31,								
	2019			2018			2017		
	Foreign Currency	Other	Total	Foreign Currency	Other	Total	Foreign Currency	Other	Total
Balance as of January 1	\$ (65,496)	\$ 5,002	\$ (60,494)	\$ (62,851)	\$ (861)	\$ (63,712)	\$ (64,478)	\$ (1,336)	\$ (65,814)
Unrealized (losses) gains, net of tax	(189)	(15,023)	(15,212)	(2,645)	5,863	3,218	1,627	475	2,102
Balance as of December 31	\$ (65,685)	\$ (10,021)	\$ (75,706)	\$ (65,496)	\$ 5,002	\$ (60,494)	\$ (62,851)	\$ (861)	\$ (63,712)

Unrealized foreign currency activity, net, for the three years in the period ended December 31, 2019 relates to the Company's operations in Canada and Mexico, and unrealized investment activity, net, relates to unrealized gains and losses on interest rate swaps associated with the Waha JVs.

Note 12 – Income Taxes

The components of income before income taxes for the periods indicated were as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Domestic	\$ 452.2	\$ 341.1	\$ 334.9
Foreign	58.7	24.2	36.9
Total	\$ 510.9	\$ 365.3	\$ 371.8

The provision for income taxes for the periods indicated were as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Current:			
Federal	\$ 77.4	\$ 26.7	\$ (6.0)
Foreign	6.2	9.4	11.5
State and local	15.6	10.5	(0.8)
	\$ 99.2	\$ 46.6	\$ 4.7
Deferred:			
Federal	\$ 22.4	\$ 43.9	\$ 18.2
Foreign	(2.8)	3.3	(7.5)
State and local	(2.0)	12.3	7.6
	\$ 17.6	\$ 59.5	\$ 18.3
Provision for income taxes	\$ 116.8	\$ 106.1	\$ 22.9

The tax effects of significant items comprising the Company's net deferred tax liability as of the dates indicated were as follows (in millions):

	December 31,	
	2019	2018
Deferred tax assets:		
Accrued insurance	\$ 28.6	\$ 25.9
Operating loss carryforwards and tax credits	70.5	67.7
Compensation and benefits	16.8	15.2
Bad debt	0.9	2.4
Other	11.5	8.4
Valuation allowance	(48.8)	(40.6)
Total deferred tax assets	\$ 79.5	\$ 79.0
Deferred tax liabilities:		
Property and equipment	\$ 179.5	\$ 146.3
Goodwill	49.6	55.6
Other intangible assets	35.0	28.1
Gain on remeasurement of equity investee	7.0	7.1
Revenue recognition	20.6	21.6
Investments in unconsolidated entities	74.0	67.9
Other	10.1	16.1
Total deferred tax liabilities	\$ 375.8	\$ 342.7
Net deferred tax liabilities	\$ (296.3)	\$ (263.7)

In assessing the ability to realize the Company's deferred tax assets, management considers whether it is more likely than not that some portion, or all, of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. Management considers the Company's projected future taxable income and prudent and feasible tax planning strategies in making this assessment. The Company's valuation allowances as of December 31, 2019 and 2018 are related primarily to foreign net operating losses and deferred tax assets.

The Company's deferred tax assets for its state net operating loss carryforwards, which may be carried forward from 5 years to indefinitely depending on the jurisdiction, totaled approximately \$11.5 million and \$11.9 million as of December 31, 2019 and 2018, respectively. The Company's deferred tax assets for its foreign net operating loss carryforwards, which are primarily related to the Company's Canadian operations, totaled approximately \$57.4 million and \$50.8 million as of December 31, 2019 and 2018, respectively. The Canadian net operating loss carryforwards, which make up the majority of the foreign net operating loss carryforwards, begin to expire in 2033. The Company's deferred tax assets for its federal net operating loss carryforwards, which begin to expire in 2022, totaled \$0.1 million and \$0.2 million as of December 31, 2019 and 2018, respectively.

In December 2017, the 2017 Tax Act was enacted, which includes broad tax reform that is applicable to the Company. Under the provisions of the 2017 Tax Act, the U.S. corporate tax rate decreased from 35% to 21% effective January 1, 2018. As a result, the Company initially remeasured its U.S. deferred income tax balances as of December 31, 2017 and made a provisional estimate of the effects of the 2017 Tax Act, which resulted in a non-cash tax benefit of \$120.1 million for the year ended December 31, 2017. Due to the complexities involved in accounting for the enactment of the 2017 Tax Act, the SEC issued Staff Accounting Bulletin (SAB 118), which was codified in March 2018 under ASU 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 and amended Topic 740* to provide for a measurement period of up to one year within which to finalize initial estimates of the effects of the 2017 Tax Act. The Company recognized a net tax benefit of approximately \$16.4 million for the year ended December 31, 2018 related to revisions of its initial estimates under the 2017 Tax Act, primarily from finalization of its tax return for the year ended December 31, 2017, as well as from certain tax accounting method changes and other adjustments. However, since many provisions of the 2017 Tax Act still do not have final guidance issued, it may be necessary for the Company to make future adjustments based on such new guidance.

As of December 31, 2019, because of the 2017 Tax Act, the Company will generally be free of additional U.S. federal tax consequences on distributed foreign subsidiary earnings due to a dividends received deduction implemented as part of the move to a territorial tax system. The Company has generally not made a provision for income taxes on unremitted foreign earnings because such earnings are insignificant and are intended to be indefinitely reinvested outside the United States. The Company expects that domestic cash resources will be sufficient to fund its domestic operations and cash commitments in the future.

A reconciliation of the U.S. statutory federal income tax rate related to pretax income to the effective tax rate for the periods indicated is as follows:

	For the Years Ended December 31,		
	2019	2018	2017
U.S. statutory federal rate applied to pretax income	21.0 %	21.0 %	35.0 %
State and local income taxes, net of federal benefit	3.2	4.2	2.0
Foreign tax rate differential	0.2	1.5	0.3
Non-deductible expenses	1.7	1.7	2.2
Goodwill and intangible assets	(0.5)	3.6	(0.0)
Change in tax rate	(1.5)	(2.8)	(32.3)
Domestic production activities deduction	0.0	0.0	(0.2)
Other	(1.0)	(2.4)	(0.7)
Tax credits	(0.6)	(0.4)	(2.8)
Stock basis adjustment	(1.8)	0.0	0.0
Valuation allowance for deferred tax assets	2.2	2.6	2.7
Effective income tax rate	22.9 %	29.0 %	6.2 %

A reconciliation of the beginning and ending amount of uncertain tax positions including interest and penalties is as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 9.4	\$ 8.1	\$ —
Additions based on tax positions related to the current year	3.7	2.7	3.2
Additions for tax positions of prior years	0.7	—	4.9
Reductions for tax positions of prior years	(0.3)	(1.4)	—
Ending balance	\$ 13.5	\$ 9.4	\$ 8.1

The Company classifies interest and penalties on uncertain tax positions as a component of income tax expense in the consolidated statements of operations. Accrued interest and penalties related to uncertain tax positions were \$1.3 million and \$0.8 million as of December 31, 2019 and 2018, respectively, of which \$0.5 million and \$0.7 million were included in income tax expense for the years ended December 31, 2019 and 2018, respectively. If the Company were to recognize its gross unrecognized tax benefits as of December 31, 2019, approximately \$13.5 million, including interest and penalties, would affect the Company's effective tax rate.

The IRS is examining the Company's 2016 and 2017 federal income tax returns. Certain state taxing authorities are examining various years. The final outcome of these examinations is not yet determinable. With few exceptions, as of December 31, 2019, the Company is no longer subject to state examinations by taxing authorities for years before 2016.

Note 13 – Segments and Related Information

Segment Discussion

The Company manages its operations under five operating segments, which represent its five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. This structure is generally focused on broad end-user markets for the Company's labor-based construction services. All five reportable segments derive their revenue from the engineering, installation and maintenance of infrastructure, primarily in North America.

The Communications segment performs engineering, construction, maintenance and customer fulfillment activities related to communications infrastructure, primarily for wireless and wireline/fiber communications and install-to-the-home customers, and, to a lesser extent, infrastructure for utilities, among others. The Company performs engineering, construction and maintenance services for oil and natural gas pipelines and processing facilities for the energy and utilities industries through its Oil and Gas segment. The Electrical Transmission segment primarily serves the energy and utility industries through the engineering, construction and maintenance of electrical transmission lines and substations. The Power Generation and Industrial segment primarily serves energy, utility and other end-markets through the installation and construction of power facilities, including from renewable sources, related electrical transmission infrastructure, ethanol/biofuel facilities and various types of heavy civil and industrial infrastructure. The Other segment includes equity investees, the services of which vary from those provided by the Company's primary segments, as well as other small business units that perform construction and other services for a variety of international end-markets.

The accounting policies of the reportable segments are the same as those described in Note 1 - Business, Basis of Presentation and Significant Accounting Policies. Intercompany revenue and costs among the reportable segments are de minimis and accounted for as if the sales were to third parties because these items are based on negotiated fees between the segments involved. All intercompany transactions and balances are eliminated in consolidation. Intercompany revenue and costs between entities within a reportable segment are eliminated to arrive at segment totals. Eliminations between segments are separately presented. Corporate results include amounts related to corporate functions such as administrative costs, professional fees, acquisition-related transaction costs (exclusive of acquisition integration costs, which are included within the segment results of the acquired businesses), and other discrete items, such as goodwill and/or intangible asset impairment. Segment results include certain allocations of centralized costs such as general liability, medical and workers' compensation insurance and certain information technology costs. Income tax expense, which is recorded within corporate results, is managed on a consolidated basis and is not allocated to the reportable segments.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is the measure of profitability used by management to manage its segments and, accordingly, in its segment reporting. As appropriate, the Company supplements the reporting of consolidated financial information determined in accordance with U.S. GAAP with certain non-U.S. GAAP financial measures, including EBITDA. The Company believes these non-U.S. GAAP measures provide meaningful information and help investors understand the Company's financial results and assess its prospects for future performance. The Company uses EBITDA to evaluate its performance, both internally and as compared with its peers, because it excludes certain items that may not be indicative of the Company's core operating results for its reportable segments, as well as items that can vary widely across different industries or among companies within the same industry, and for non-cash stock-based compensation expense, can also be subject to volatility from changes in the market price per share of the Company's common stock or variations in the value of shares granted. Segment EBITDA is calculated in a manner consistent with consolidated EBITDA.

Summarized financial information for MasTec's reportable segments is presented and reconciled to consolidated financial information for total MasTec in the following tables, including a reconciliation of consolidated income before income taxes to EBITDA, all of which are presented in millions. The tables below may contain slight summation differences due to rounding.

	For the Years Ended December 31,		
	2019	2018	2017
Revenue:			
Communications ^(a)	\$ 2,618.8	\$ 2,556.8	\$ 2,424.4
Oil and Gas	3,117.2	3,288.7	3,497.2
Electrical Transmission	413.9	397.3	378.2
Power Generation and Industrial	1,034.3	665.0	299.9
Other	0.2	3.5	20.8
Eliminations	(1.2)	(1.9)	(13.5)
Consolidated revenue	\$ 7,183.2	\$ 6,909.4	\$ 6,607.0

(a) Revenue generated primarily by utilities customers represented 15.0%, 14.9% and 13.4% of Communications segment revenue for the years ended December 31, 2019, 2018 and 2017, respectively.

	For the Years Ended December 31,		
	2019	2018	2017
EBITDA:			
Communications	\$ 208.8	\$ 290.4	\$ 247.4
Oil and Gas	634.2	451.6	402.2
Electrical Transmission	29.5	10.5	17.6
Power Generation and Industrial	40.1	40.4	22.6
Other	26.5	24.4	19.8
Corporate	(115.7)	(156.4)	(88.7)
Consolidated EBITDA	\$ 823.4	\$ 660.8	\$ 620.9

For the year ended December 31, 2019, Corporate EBITDA included \$3.3 million of indefinite-lived pre-qualification intangible asset impairment charges. For the year ended December 31, 2018, Corporate EBITDA included \$47.7 million of goodwill impairment charges and Other segment EBITDA included project gains of \$1.0 million from a proportionately consolidated non-controlled Canadian joint venture, which is managed by a third party and for which the Company has minimal direct construction involvement. For the year ended December 31, 2017, Other segment EBITDA included project losses from this non-controlled joint venture of \$7.9 million.

	For the Years Ended December 31,		
	2019	2018	2017
Depreciation and Amortization:			
Communications	\$ 65.0	\$ 59.3	\$ 53.2
Oil and Gas	127.2	113.7	96.7
Electrical Transmission	20.0	19.8	22.8
Power Generation and Industrial	14.1	13.7	9.1
Other	0.1	0.1	0.1
Corporate	9.1	6.3	6.1
Consolidated depreciation and amortization	\$ 235.5	\$ 212.9	\$ 188.0

	As of December 31,		
	2019	2018	2017
Assets:			
Communications	\$ 1,958.1	\$ 1,461.7	\$ 1,314.4
Oil and Gas	1,762.4	1,965.3	1,762.6
Electrical Transmission	463.9	423.9	471.4
Power Generation and Industrial	570.5	358.7	288.6
Other	192.2	193.9	153.2
Corporate	49.9	36.5	76.4
Consolidated segment assets	\$ 4,997.0	\$ 4,440.0	\$ 4,066.6

	For the Years Ended December 31,		
	2019	2018	2017
Capital Expenditures:			
Communications	\$ 36.0	\$ 69.3	\$ 40.5
Oil and Gas	59.7	83.5	57.7
Electrical Transmission	6.8	10.2	14.9
Power Generation and Industrial	12.7	6.5	5.4
Other	0.0	0.0	0.0
Corporate	11.3	10.9	4.9
Consolidated capital expenditures	\$ 126.5	\$ 180.4	\$ 123.4

	For the Years Ended December 31,		
	2019	2018	2017
EBITDA Reconciliation:			
Income before income taxes	\$ 510.9	\$ 365.3	\$ 371.8
Plus:			
Interest expense, net	77.0	82.6	61.0
Depreciation and amortization	235.5	212.9	188.0
Consolidated EBITDA	\$ 823.4	\$ 660.8	\$ 620.9

Foreign Operations and Other. MasTec operates in North America, primarily in the United States and Canada, and, to a lesser extent, in Mexico and the Caribbean. For the years ended December 31, 2019, 2018 and 2017, revenue of \$6.9 billion, \$6.7 billion and \$6.4 billion, respectively, was derived from U.S. operations, and revenue of \$233.5 million, \$164.3 million and \$211.5 million, respectively, was derived from foreign operations, the majority of which was from the Company's Canadian operations in its Oil and Gas segment, and, to a lesser extent, from the Company's wireless operations in Mexico. Long-lived assets held in the U.S. included property and equipment, net, of \$874.7 million, \$707.4 million and \$649.5 million as of December 31, 2019, 2018 and 2017, respectively, and, for the Company's businesses in foreign countries, totaled \$31.1 million, \$40.4 million and \$57.0 million, respectively. Intangible assets and goodwill, net, related to the Company's U.S. operations totaled approximately \$1.4 billion as of December 31, 2019, and totaled \$1.2 billion as of both December 31, 2018 and 2017, and for the Company's businesses in foreign countries, totaled approximately \$56.4 million, \$61.5 million and \$112.8 million, respectively. The majority of the Company's long-lived and intangible assets and goodwill in foreign countries relate to its Canadian operations. As of each December 31, 2019, 2018 and 2017, amounts due from customers from which foreign revenue was derived accounted for approximately 5% of the Company's consolidated net accounts receivable position, which represents accounts receivable, net, less deferred revenue. For the years ended December 31, 2019, 2018 and 2017, revenue from governmental entities was less than 1% of total revenue, substantially all of which was derived from the Company's U.S. operations.

Significant Customers

Revenue concentration information for significant customers as a percentage of total consolidated revenue was as follows:

	For the Years Ended December 31,		
	2019	2018	2017
Customer:			
AT&T (including DIRECTV®) ^(a)	20%	23%	25%
Equitrans Midstream Corporation/EQT Corporation ^(b)	11%	20%	—%
Energy Transfer affiliates ^(c)	8%	14%	40%

(a) The Company's relationship with AT&T is based upon multiple separate master service and other service agreements, including for installation and maintenance services, as well as construction/installation contracts for AT&T's: (i) wireless business; (ii) wireline/fiber businesses; and (iii) various install-to-the-home businesses, including DIRECTV®. Revenue from AT&T is included in the Communications segment.

(b) The Company's relationship with Equitrans Midstream Corporation and its affiliates, which was spun off from EQT Corporation and its affiliates in 2018, is based upon various construction contracts for pipeline activities. Revenue from Equitrans Midstream Corporation and its affiliates is included in the Oil and Gas segment.

(c) The Company's relationship with Energy Transfer affiliates is based upon various construction contracts for pipeline activities with Energy Transfer Operating, L.P., and its subsidiaries and affiliates. Revenue from Energy Transfer affiliates is included in the Oil and Gas segment.

Note 14 – Commitments and Contingencies

MasTec is subject to a variety of legal cases, claims and other disputes that arise from time to time in the ordinary course of its business, including project contract price and acquisition purchase price disputes. MasTec cannot provide assurance that it will be successful in recovering all or any of the potential damages it has claimed or in defending claims against the Company. The outcome of such cases, claims and disputes cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. In 2019, an arbitration award related to a Canadian acquisition was finalized (the "Award") in favor of MasTec for approximately \$60 million, including recovery of certain legal and other costs. MasTec collected \$32 million of this award in 2019, including approximately \$16 million for recovery of legal fees and \$5 million for recovery of interest costs. Although the Company is actively pursuing collection efforts related to the remaining amount of the Award, collectibility is uncertain, and as such, this amount has not been recognized in the Company's consolidated financial statements.

Other Commitments and Contingencies

Leases. In the ordinary course of business, the Company enters into non-cancelable operating leases for certain of its facility, vehicle and equipment needs, including related party leases. See Note 8 - Lease Obligations and Note 15 - Related Party Transactions.

Letters of Credit. In the ordinary course of business, the Company is required to post letters of credit for its insurance carriers and surety bond providers and in support of performance under certain contracts as well as certain obligations associated with the Company's equity investments and other strategic arrangements, including its variable interest entities. Such letters of credit are generally issued by a bank or similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit under certain conditions. If this were to occur, the Company would be required to reimburse the issuer of the letter of credit, which, depending upon the circumstances, could result in a charge to earnings. As of December 31, 2019 and 2018, there were \$115.1 million and \$128.4 million, respectively, of letters of credit issued under the Company's credit

facilities. The Company is not aware of any material claims relating to its outstanding letters of credit as of December 31, 2019 or 2018.

Performance and Payment Bonds. In the ordinary course of business, MasTec is required by certain customers to provide performance and payment bonds for contractual commitments related to its projects. These bonds provide a guarantee to the customer that the Company will perform under the terms of a contract and that the Company will pay its subcontractors and vendors. If the Company fails to perform under a contract or to pay its subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. The Company must reimburse the surety for expenses or outlays it incurs. As of December 31, 2019 and 2018, outstanding performance and payment bonds approximated \$551.4 million and \$123.6 million, respectively, and estimated costs to complete projects secured by these bonds totaled \$194.7 million and \$53.0 million as of December 31, 2019 and 2018, respectively.

Investment Arrangements. The Company holds undivided interests, ranging from 85% to 90%, in multiple proportionately consolidated non-controlled contractual joint ventures that provide infrastructure construction services for electrical transmission projects. The Company also holds a 35% undivided interest in a proportionately consolidated non-controlled Canadian contractual joint venture that was underway when the Company acquired Pacer in 2014, whose sole activity was the construction of a bridge, a business in which the Company does not otherwise engage. This joint venture, which is managed by a third party, and for which the Company has minimal direct construction involvement, automatically terminates upon completion of the project. Income and/or losses incurred by these joint ventures are generally shared proportionally by the respective joint venture members, with the members of the joint ventures jointly and severally liable for all of the obligations of the joint venture. The respective joint venture agreements provide that each joint venture partner indemnify the other party for any liabilities incurred by such joint venture in excess of its ratable portion of such liabilities. Thus, it is possible that the Company could be required to pay or perform obligations in excess of its share if the other joint venture partners fail or refuse to pay or perform their respective share of the obligations. As of December 31, 2019, the Company was not aware of circumstances that would reasonably lead to material future claims against it in connection with these arrangements.

The Company has other investment arrangements, under which it may incur costs or provide financing, performance, financial and/or other guarantees. See Note 4 - Fair Value of Financial Instruments and Note 15 - Related Party Transactions for additional details regarding the Company's other investment arrangements.

Self-Insurance. MasTec maintains insurance policies for workers' compensation, general liability and automobile liability, which are subject to per claim deductibles. The Company is self-insured up to the amount of the deductible. The Company also maintains excess umbrella coverage. As of December 31, 2019 and 2018, MasTec's estimated liability for unpaid claims and associated expenses, including incurred but not reported losses related to these policies, totaled \$123.4 million and \$108.9 million, respectively, of which \$87.3 million and \$70.8 million, respectively, were reflected within other long-term liabilities in the consolidated balance sheets. MasTec also maintains an insurance policy with respect to employee group medical claims, which is subject to annual per employee maximum losses. MasTec's estimated liability for employee group medical claims totaled \$4.2 million and \$2.9 million as of December 31, 2019 and 2018, respectively.

The Company is required to post collateral, generally in the form of letters of credit, surety bonds and cash to certain of its insurance carriers. Insurance-related letters of credit for the Company's workers' compensation, general liability and automobile liability policies amounted to \$64.0 million and \$67.6 million as of December 31, 2019 and 2018, respectively. Outstanding surety bonds related to self-insurance programs amounted to \$38.5 million and \$34.8 million as of December 31, 2019 and 2018, respectively.

Employment Agreements. The Company has employment agreements with certain executives and other employees, which provide for compensation and certain other benefits and for severance payments under certain circumstances. Certain employment agreements also contain clauses that become effective upon a change in control of the Company. Upon the occurrence of any of the defined events in the various employment agreements, the Company would be obligated to pay certain amounts to the related employees, which vary with the level of the employees' respective responsibility.

Collective Bargaining Agreements and Multiemployer Plans. As discussed in Note 1 - Business, Basis of Presentation and Significant Accounting Policies, certain of MasTec's subsidiaries are party to various collective bargaining agreements with unions representing certain of their employees, which require the Company to pay specified wages, provide certain benefits and contribute certain amounts to MEPPs. The Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980 (collectively, "ERISA"), which governs U.S.-registered multiemployer pension plans, subjects employers to substantial liabilities in the event of an employer's complete or partial withdrawal from, or upon termination of, such plans.

The Company currently contributes, and in the past, has contributed, to plans that are underfunded, and, therefore, could have potential liability associated with a voluntary or involuntary withdrawal from, or termination of, these plans. As of December 31, 2019, the Company does not have plans to withdraw from, and is not aware of circumstances that would reasonably lead to material claims against it, in connection with the MEPPs in which it participates. There can be no assurance, however, that the Company will not be assessed liabilities in the future, including in the form of a surcharge on future benefit contributions or increased contributions on underfunded plans. The amount the Company could be obligated to pay or contribute in the future cannot be estimated, as these amounts are based on future levels of work of the union employees covered by these plans, investment returns and the level of underfunding of such plans.

Indemnities. The Company generally indemnifies its customers for the services it provides under its contracts, as well as other specified liabilities, which may subject the Company to indemnity claims, liabilities and related litigation. As of December 31, 2019 and 2018, the Company was not aware of any material asserted or unasserted claims in connection with these indemnity obligations.

Other Guarantees. In the ordinary course of its business, from time to time, MasTec guarantees the obligations of its subsidiaries, including obligations under certain contracts with customers, certain lease obligations and in some states, obligations in connection with obtaining contractors' licenses. MasTec has also issued performance and other guarantees in connection with certain of its equity investments. MasTec also generally warrants the work it performs for a one to two-year period following substantial completion of a project. Much of the work performed by the Company is evaluated for defects shortly after the work is completed. Warranty claims have historically not been material. However, if warranty claims occur, the Company could be required to repair or replace warranted items, or, if customers elect to repair or replace the warranted item using the services of another provider, the Company could be required to pay for the cost of the repair or replacement.

Concentrations of Risk. The Company is subject to certain risk factors, including, but not limited to: risks related to customer consolidation, rapid technological and regulatory changes; changes in customers' capital spending plans; risks related to market conditions and/or economic downturns; competition; the ability to manage projects effectively and in accordance with management's estimates; customer disputes related to the performance of services; the nature of its contracts, which do not obligate MasTec's customers to undertake any infrastructure projects and may be canceled on short notice; seasonality, adverse weather conditions and fluctuations in operational factors; potential exposure to environmental liabilities; risks related to the Company's acquisitions and investment arrangements, including acquisition integration and financing; recoverability of goodwill; exposure from system or information technology interruptions; governmental and/or regulatory changes or other factors affecting the industries in which the Company operates; collectibility of receivables and resolution of unapproved change orders; availability of qualified employees; the adequacy of our reserves; exposure to litigation; exposure related to foreign operations; and exposure to multiemployer pension plan liabilities. The Company grants credit, generally without collateral, to its customers. Consequently, the Company is subject to potential credit risk related to changes in business and economic factors. However, MasTec generally has certain lien rights on that work and maintains a diverse customer base. The Company believes its billing and collection policies are adequate to minimize potential credit risk. MasTec's customers include: public and private energy providers; pipeline operators; wireless and wireline/fiber service providers; broadband operators; install-to-the-home service providers; and government entities. The industries served by MasTec's customers include, among others: communications; and utilities (including petroleum and natural gas pipeline infrastructure; electrical utility transmission and distribution; power generation; heavy civil and industrial infrastructure). The Company had approximately 475 customers for the year ended December 31, 2019. As of December 31, 2019, three customers each accounted for approximately 17%, 13% and 11%, respectively, of the Company's consolidated net accounts receivable position, which represents accounts receivable, net, less deferred revenue. As of December 31, 2018, three customers each accounted for approximately 26%, 18% and 12%, respectively, of the Company's consolidated net accounts receivable position. In addition, the Company derived 64%, 72% and 78%, of its revenue from its top ten customers for the years ended December 31, 2019, 2018 and 2017, respectively.

Note 15 – Related Party Transactions

MasTec purchases, rents and leases equipment and purchases various types of supplies and services used in its business, including ancillary construction services, project-related site restoration and marketing and business development activities from a number of different vendors on a non-exclusive basis, and from time to time, rents equipment to, or performs construction services on behalf of, entities in which members of subsidiary management have ownership or commercial interests. For the years ended December 31, 2019, 2018 and 2017, such payments to related party entities totaled approximately \$108.0 million, \$134.4 million and \$110.7 million, respectively. Payables associated with such related party arrangements totaled approximately \$14.7 million and \$17.3 million as of December 31, 2019 and 2018, respectively. Revenue from such related party arrangements totaled approximately \$2.3 million, \$10.3 million and \$2.6 million for the years ended December 31, 2019, 2018 and 2017, and related amounts receivable, net, were de minimis as of December 31, 2019 and totaled approximately \$0.3 million as of December 31, 2018.

Non-controlling interests in entities consolidated by the Company represent ownership interests held by members of management of certain of the Company's subsidiaries, primarily in the Company's Oil and Gas segment. In 2017, the Company acquired the remaining non-controlling interests of one of these entities, with which it previously had a subcontracting arrangement for the performance of ancillary oil and gas construction services, for approximately \$21.4 million in cash and an estimated earn-out liability of \$9.7 million, as adjusted. Cash paid to acquire the remaining interests of this entity is reflected within payments to non-controlling interests in the consolidated statements of cash flows.

In 2018, MasTec acquired a construction management firm specializing in steel building systems, of which Juan Carlos Mas, who is the brother of Jorge Mas, Chairman of MasTec's Board of Directors, and José R. Mas, MasTec's Chief Executive Officer, was a minority owner, for approximately \$6.1 million in cash and an estimated earn-out liability of approximately \$1.4 million, net, as adjusted. Amounts outstanding for advances made by the Company on behalf of this entity totaled approximately \$0.5 million, net, and \$1.0 million as of December 31, 2019 and 2018, respectively, which are expected to be settled under customary terms associated with the related purchase agreement. In 2017, MasTec acquired an oil and gas pipeline equipment company that was formerly owned by a member of subsidiary management for approximately \$40.6 million in cash and an estimated earn-out liability of \$75.5 million, as adjusted. MasTec previously leased equipment from this company.

The Company rents and leases equipment and purchases equipment supplies and servicing from CCI, in which it has a 15% equity investment. Juan Carlos Mas serves as the chairman of CCI, and a member of management of a MasTec subsidiary and an entity that is owned by the Mas family are minority owners. For the years ended December 31, 2019, 2018 and 2017, MasTec paid CCI approximately \$41.7 million, \$57.6 million and \$54.9 million, net of rebates, respectively, related to this activity. Amounts payable to CCI, net of rebates receivable, totaled approximately \$0.2 million as of December 31, 2019. As of December 31, 2018, amounts payable totaled \$4.9 million, and rebates receivable totaled \$2.9 million.

MasTec has a subcontracting arrangement with an entity for the performance of construction services, the minority owners of which include an entity controlled by Jorge Mas and José R. Mas, along with two members of management of a MasTec subsidiary. For the years ended December 31, 2019, 2018 and 2017, MasTec incurred subcontracting expenses of approximately \$10.3 million, \$9.9 million and \$78.0 million, respectively. As of December 31, 2019 and 2018, related amounts payable totaled approximately \$0.2 million and \$0.4 million, respectively.

MasTec has a leasing arrangement for an aircraft that is owned by an entity that Jorge Mas owns. For the years ended December 31, 2019, 2018 and 2017, MasTec paid approximately \$2.4 million, \$2.7 million and \$2.0 million, respectively, related to this leasing arrangement.

MasTec performs construction services on a cost-plus basis on behalf of a professional Miami soccer franchise (the "Franchise") in which Jorge Mas and José R. Mas are minority owners. Services provided by MasTec include the construction of a soccer facility and stadium. For the year ended December 31, 2019, MasTec charged approximately \$12.6 million under these arrangements, of which \$3.9 million was outstanding as of December 31, 2019.

MasTec leases employees and provides satellite communications services to a customer in which Jorge Mas and José R. Mas own a majority interest. For the years ended December 31, 2019, 2018 and 2017, MasTec charged approximately \$1.4 million, \$1.7 million and \$1.6 million, respectively,

to this customer. As of December 31, 2019 and 2018, outstanding receivables related to services provided totaled approximately \$0.8 million and \$0.6 million, respectively.

One of the Company's subsidiaries has a subcontracting arrangement with a contractual joint venture in which it holds a 35% undivided interest, for which the related project was almost fully complete as of December 31, 2019. Outstanding performance guarantees on behalf of this contractual joint venture totaled Canadian \$26.4 million as of both December 31, 2019 and 2018, or approximately \$20.3 million and \$19.4 million, respectively.

Split Dollar Agreements

MasTec has a split dollar life insurance agreement with (i) Jorge Mas, and José R. Mas and Juan Carlos Mas, as trustees of the Jorge Mas Irrevocable Trust (the "Jorge Mas trust"); and (ii) José R. Mas, and Jorge Mas, Juan Carlos Mas and Patricia Mas, as trustees of the José Ramon Mas Irrevocable Trust (the "José R. Mas trust"), both of which were amended and restated in February 2018. The Company is the sole owner of each of the policies and is designated as the named fiduciary under each split dollar agreement, and the policies subject to the split dollar agreement may not be surrendered without the express written consent of the applicable trust. The total maximum face amount of the insurance policies subject to the split dollar agreements is capped at \$200 million in the case of Jorge Mas and \$75 million in the case of Jose R. Mas. Upon the death of the applicable executive or the survivor thereof and his wife under the applicable policy, the Company is entitled to receive a portion of the death benefit under the policy equal to the greater of (i) premiums paid by the Company on the policy and (ii) the then cash value of the policy (excluding surrender charges or other similar charges or reductions) immediately before the triggering death. In addition, each executive is entitled to purchase the applicable policy under certain events, including a change in control of the Company.

The Company paid approximately \$1.1 million in each of the years ended December 31, 2019, 2018 and 2017 in connection with the split dollar agreements for Jorge Mas, and paid approximately \$0.7 million in each of the years ended December 31, 2019, 2018 and 2017 in connection with the split dollar agreements for José R. Mas. Life insurance assets associated with these agreements, which amounts are included within other long-term assets, totaled approximately \$20.3 million and \$18.5 million as of December 31, 2019 and 2018, respectively.

Note 16 – Quarterly Information (Unaudited)

The following table presents selected unaudited quarterly operating results for the years ended December 31, 2019 and 2018 (in millions, except per share data). The Company believes that all necessary adjustments have been included in the amounts stated below to present fairly the quarterly results when read in conjunction with the consolidated financial statements and notes thereto. The sum of the individual quarterly amounts to the full year amounts as disclosed below may contain slight summation differences due to rounding.

	For the 2019 Quarters Ended				For the 2018 Quarters Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
Revenue	\$ 1,518.3	\$ 1,939.0	\$ 2,016.6	\$ 1,709.3	\$ 1,396.8	\$ 1,617.8	\$ 1,977.2	\$ 1,917.6
Costs of revenue, excluding depreciation and amortization	\$ 1,312.0	\$ 1,633.4	\$ 1,690.6	\$ 1,434.2	\$ 1,237.3	\$ 1,366.6	\$ 1,681.4	\$ 1,654.0
Net income	\$ 43.1	\$ 120.2	\$ 130.1	\$ 100.7	\$ 26.5	\$ 80.4	\$ 120.5	\$ 31.8
Net income attributable to MasTec, Inc.	\$ 43.1	\$ 119.7	\$ 128.6	\$ 100.9	\$ 26.6	\$ 80.5	\$ 120.7	\$ 31.9
Earnings per share:								
Basic	\$ 0.57	\$ 1.59	\$ 1.71	\$ 1.34	\$ 0.33	\$ 1.02	\$ 1.55	\$ 0.42
Diluted	\$ 0.57	\$ 1.58	\$ 1.69	\$ 1.33	\$ 0.32	\$ 1.01	\$ 1.52	\$ 0.41

Certain transactions affecting comparisons of the Company's quarterly results, which may not represent the amounts recognized for the full year for such transactions, include the following:

- Indefinite-lived pre-qualification intangible asset impairment charges, pretax, totaling \$3.3 million in the fourth quarter of 2019, and goodwill impairment charges, pretax, totaling \$47.7 million in the fourth quarter of 2018;
- Project gains on a proportionately consolidated non-controlled Canadian joint venture, pretax, totaling \$1.0 million in the second quarter of 2018;
- Excess tax benefits from share-based compensation of \$2.3 million in the first quarter of 2019, and \$1.6 million and \$1.3 million in the fourth quarters of 2019 and 2018, respectively;
- Income tax effects from changes in Canadian provincial statutory tax rates, as well as changes in state tax rates, include a benefit of \$1.4 million in the second quarter of 2019 and a benefit of \$5.9 million in the fourth quarter of 2019. Income tax effects, primarily from the 2017 Tax Act, include an expense of \$1.5 million in the second quarter of 2018, a benefit of \$17.9 million in the third quarter of 2018 and an expense of \$3.7 million in the fourth quarter of 2018.

Note 17 – Supplemental Guarantor Condensed Consolidating Financial Information

The 4.875% Senior Notes are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by certain of the Company's existing and future 100%-owned direct and indirect domestic subsidiaries that are, as of December 31, 2019, each guarantors of the Credit Facility or other outstanding indebtedness (the "Guarantor Subsidiaries"). The Company's subsidiaries organized outside of the United States and certain domestic subsidiaries (collectively, the "Non-Guarantor Subsidiaries") do not guarantee these notes. A Guarantor Subsidiary's guarantee is subject to release in certain customary circumstances, including upon the sale of a majority of the capital stock or substantially all of the assets of such Guarantor Subsidiary; if the Guarantor Subsidiary's guarantee under the Company's Credit Facility and other indebtedness is released or discharged (other than due to payment under such guarantee); or when the requirements for legal defeasance are satisfied or the obligations are discharged in accordance with the related indentures.

The following supplemental financial information sets forth the condensed consolidating balance sheets and the condensed consolidating statements of operations and comprehensive income (loss) and cash flows for MasTec, Inc., the Guarantor Subsidiaries on a combined basis, the Non-Guarantor Subsidiaries on a combined basis and the eliminations necessary to arrive at the information for the Company as reported on a consolidated basis. Eliminations represent adjustments to eliminate investments in subsidiaries and intercompany balances and transactions between or among MasTec, Inc., the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Investments in subsidiaries are accounted for using the equity method for this presentation.

The tables below may contain slight summation differences due to rounding.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (in millions)

For the Year Ended December 31, 2019	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Revenue	\$ —	\$ 6,799.4	\$ 474.7	\$ (90.9)	\$ 7,183.2
Costs of revenue, excluding depreciation and amortization	—	5,703.4	457.7	(90.9)	6,070.2
Depreciation and amortization	—	214.0	21.5	—	235.5
Intangible asset impairment	—	—	3.3	—	3.3
General and administrative expenses	3.2	279.4	16.9	—	299.5
Interest expense (income), net	—	138.4	(61.4)	—	77.0
Equity in earnings of unconsolidated affiliates	—	(0.0)	(27.4)	—	(27.4)
Other expense (income), net	—	51.4	(37.3)	—	14.0
(Loss) income before income taxes	\$ (3.2)	\$ 412.8	\$ 101.4	\$ —	\$ 510.9
Benefit from (provision for) income taxes	0.8	(111.5)	(6.1)	—	(116.8)
Net (loss) income before equity in income from subsidiaries	\$ (2.4)	\$ 301.3	\$ 95.3	\$ —	\$ 394.1
Equity in income from subsidiaries, net of tax	394.7	—	—	(394.7)	—
Net income (loss)	\$ 392.3	\$ 301.3	\$ 95.3	\$ (394.7)	\$ 394.1
Net income attributable to non-controlling interests	—	—	1.8	—	1.8
Net income (loss) attributable to MasTec, Inc.	\$ 392.3	\$ 301.3	\$ 93.5	\$ (394.7)	\$ 392.3
Comprehensive income (loss)	\$ 379.7	\$ 303.3	\$ 77.9	\$ (382.1)	\$ 378.9

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (in millions)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
For the Year Ended December 31, 2018					
Revenue	\$ —	\$ 6,539.3	\$ 492.6	\$ (122.5)	\$ 6,909.4
Costs of revenue, excluding depreciation and amortization	—	5,609.4	452.4	(122.5)	5,939.3
Depreciation and amortization	—	190.5	22.4	—	212.9
Goodwill impairment	—	—	47.7	—	47.7
General and administrative expenses	3.1	266.4	17.8	—	287.3
Interest expense (income), net	—	147.0	(64.4)	—	82.6
Equity in earnings of unconsolidated affiliates	—	—	(23.9)	—	(23.9)
Other expense (income), net	—	2.9	(4.7)	—	(1.8)
(Loss) income before income taxes	\$ (3.1)	\$ 323.1	\$ 45.3	\$ —	\$ 365.3
Benefit from (provision for) income taxes	0.9	(94.2)	(12.8)	—	(106.1)
Net (loss) income before equity in income from subsidiaries	\$ (2.2)	\$ 228.9	\$ 32.5	\$ —	\$ 259.2
Equity in income from subsidiaries, net of tax	261.9	—	—	(261.9)	—
Net income (loss)	\$ 259.7	\$ 228.9	\$ 32.5	\$ (261.9)	\$ 259.2
Net loss attributable to non-controlling interests	—	—	(0.4)	—	(0.4)
Net income (loss) attributable to MasTec, Inc.	\$ 259.7	\$ 228.9	\$ 32.9	\$ (261.9)	\$ 259.7
Comprehensive income (loss)	\$ 262.9	\$ 228.9	\$ 35.7	\$ (265.1)	\$ 262.4
For the Year Ended December 31, 2017					
Revenue	\$ —	\$ 6,222.3	\$ 457.0	\$ (72.3)	\$ 6,607.0
Costs of revenue, excluding depreciation and amortization	—	5,378.6	439.0	(72.3)	5,745.3
Depreciation and amortization	—	159.1	28.9	—	188.0
General and administrative expenses	2.3	256.3	16.5	—	275.1
Interest expense (income), net	—	123.6	(62.6)	—	61.0
Equity in earnings of unconsolidated affiliates	—	—	(21.3)	—	(21.3)
Other income, net	—	(13.0)	—	—	(13.0)
(Loss) income before income taxes	\$ (2.3)	\$ 317.7	\$ 56.5	\$ —	\$ 371.8
Benefit from (provision for) income taxes	0.2	(18.1)	(5.0)	—	(22.9)
Net (loss) income before equity in income from subsidiaries	\$ (2.1)	\$ 299.6	\$ 51.5	\$ —	\$ 348.9
Equity in income from subsidiaries, net of tax	349.3	—	—	(349.3)	—
Net income (loss)	\$ 347.2	\$ 299.6	\$ 51.5	\$ (349.3)	\$ 348.9
Net income (loss) attributable to non-controlling interests	—	2.4	(0.7)	—	1.7
Net income (loss) attributable to MasTec, Inc.	\$ 347.2	\$ 297.2	\$ 52.2	\$ (349.3)	\$ 347.2
Comprehensive income (loss)	\$ 349.3	\$ 299.6	\$ 53.6	\$ (351.4)	\$ 351.0

CONDENSED CONSOLIDATING BALANCE SHEETS (in millions)

As of December 31, 2019	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Assets					
Total current assets	\$ —	\$ 1,987.8	\$ 248.1	\$ (62.4)	\$ 2,173.6
Property and equipment, net	—	862.0	43.9	—	905.8
Operating lease assets	—	214.7	15.2	—	229.9
Goodwill and other intangible assets, net	—	1,265.6	167.3	—	1,433.0
Investments in and advances to consolidated affiliates, net	1,768.9	1,233.5	—	(3,002.4)	—
Other long-term assets	18.4	42.6	193.8	—	254.7
Total assets	\$ 1,787.3	\$ 5,606.2	\$ 668.3	\$ (3,064.8)	\$ 4,997.0
Liabilities and equity					
Total current liabilities	\$ 0.1	\$ 1,141.6	\$ 139.8	\$ (62.4)	\$ 1,219.1
Long-term debt, including finance leases	—	1,310.9	3.1	—	1,314.0
Advances from consolidated affiliates, net	—	—	167.5	(167.5)	—
Long-term operating lease liabilities	—	143.0	11.6	—	154.6
Other long-term liabilities	—	493.1	24.5	—	517.6
Total liabilities	\$ 0.1	\$ 3,088.6	\$ 346.5	\$ (229.9)	\$ 3,205.3
Total equity	\$ 1,787.2	\$ 2,517.6	\$ 321.8	\$ (2,834.9)	\$ 1,791.7
Total liabilities and equity	\$ 1,787.3	\$ 5,606.2	\$ 668.3	\$ (3,064.8)	\$ 4,997.0
As of December 31, 2018	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Assets					
Total current assets	\$ —	\$ 1,993.0	\$ 248.5	\$ (72.5)	\$ 2,169.0
Property and equipment, net	—	699.2	48.6	—	747.8
Goodwill and other intangible assets, net	—	1,188.0	81.7	—	1,269.7
Investments in and advances to consolidated affiliates, net	1,373.1	1,138.4	816.9	(3,328.4)	—
Other long-term assets	16.8	42.0	194.6	—	253.4
Total assets	\$ 1,389.9	\$ 5,060.6	\$ 1,390.3	\$ (3,400.9)	\$ 4,440.0
Liabilities and equity					
Total current liabilities	\$ —	\$ 1,185.9	\$ 170.2	\$ (72.5)	\$ 1,283.6
Long-term debt, including finance leases	—	1,319.4	4.9	—	1,324.2
Other long-term liabilities	—	429.2	10.8	—	440.1
Total liabilities	\$ —	\$ 2,934.5	\$ 185.9	\$ (72.5)	\$ 3,047.9
Total equity	\$ 1,389.9	\$ 2,126.1	\$ 1,204.4	\$ (3,328.4)	\$ 1,392.0
Total liabilities and equity	\$ 1,389.9	\$ 5,060.6	\$ 1,390.3	\$ (3,400.9)	\$ 4,440.0

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (in millions)

For the Year Ended December 31, 2019	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Net cash provided by operating activities	\$ —	\$ 467.2	\$ 83.1	\$ —	\$ 550.3
Cash flows from investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(179.5)	—	—	(179.5)
Capital expenditures	—	(120.8)	(5.7)	—	(126.5)
Proceeds from sale of property and equipment	—	24.8	10.2	—	35.0
Payments for other investments	—	(4.3)	(1.3)	—	(5.6)
Proceeds from other investments	—	10.8	3.9	—	14.7
Net cash (used in) provided by investing activities	\$ —	\$ (269.0)	\$ 7.1	\$ —	\$ (261.8)
Cash flows from financing activities:					
Proceeds from credit facilities	—	3,015.3	10.6	—	3,025.9
Repayments of credit facilities	—	(3,116.0)	(10.6)	—	(3,126.6)
Repayments of other borrowings, net	—	(9.7)	(2.7)	—	(12.4)
Payments of finance lease obligations	—	(86.3)	(2.0)	—	(88.3)
Payments of acquisition-related contingent consideration	—	(34.3)	—	—	(34.3)
Proceeds from non-controlling interests	—	—	0.6	—	0.6
Proceeds from stock-based awards	4.7	—	—	—	4.7
Repurchase of common stock	(5.7)	—	—	—	(5.7)
Other financing activities, net	—	(5.5)	(3.0)	—	(8.5)
Net financing activities and advances from (to) consolidated affiliates	1.0	62.8	(63.8)	—	—
Net cash used in financing activities	\$ —	\$ (173.7)	\$ (70.9)	\$ —	\$ (244.6)
Effect of currency translation on cash	—	—	0.2	—	0.2
Net increase in cash and cash equivalents	\$ —	\$ 24.5	\$ 19.5	\$ —	\$ 44.0
Cash and cash equivalents - beginning of period	—	11.9	15.6	—	27.4
Cash and cash equivalents - end of period	\$ —	\$ 36.4	\$ 35.1	\$ —	\$ 71.4

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (in millions)

For the Year Ended December 31, 2018	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Net cash provided by operating activities	\$ —	\$ 341.6	\$ 188.4	\$ —	\$ 530.0
Cash flows from investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(6.7)	—	—	(6.7)
Capital expenditures	—	(174.3)	(6.1)	—	(180.4)
Proceeds from sale of property and equipment	—	26.2	13.1	—	39.4
Payments for other investments	—	(11.8)	(27.6)	—	(39.5)
Proceeds from other investments	—	—	5.4	—	5.4
Net cash used in investing activities	\$ —	\$ (166.6)	\$ (15.2)	\$ —	\$ (181.8)
Cash flows from financing activities:					
Proceeds from credit facilities	—	3,383.9	34.3	—	3,418.2
Repayments of credit facilities	—	(3,314.8)	(44.7)	—	(3,359.5)
Repayments of other borrowings, net	—	(17.1)	(0.3)	—	(17.4)
Payments of finance lease obligations	—	(66.6)	(5.6)	—	(72.2)
Payments of acquisition-related contingent consideration	—	(15.9)	—	—	(15.9)
Distributions to non-controlling interests	—	(0.6)	—	—	(0.6)
Proceeds from stock-based awards	4.0	—	—	—	4.0
Payments for stock-based awards	(3.8)	—	—	—	(3.8)
Repurchase of common stock	(313.9)	—	—	—	(313.9)
Other financing activities, net	—	—	—	—	—
Net financing activities and advances from (to) consolidated affiliates	313.7	(142.1)	(171.6)	—	—
Net cash used in financing activities	\$ —	\$ (173.2)	\$ (187.9)	\$ —	\$ (361.1)
Effect of currency translation on cash	—	—	—	—	—
Net increase (decrease) in cash and cash equivalents	\$ —	\$ 1.8	\$ (14.7)	\$ —	\$ (12.9)
Cash and cash equivalents - beginning of period	—	10.1	30.3	—	40.3
Cash and cash equivalents - end of period	\$ —	\$ 11.9	\$ 15.6	\$ —	\$ 27.4

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (in millions)

For the Year Ended December 31, 2017	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Net cash provided by operating activities	\$ —	\$ 142.9	\$ 1.2	\$ —	\$ 144.1
Cash flows from investing activities:					
Cash paid for acquisitions, net of cash acquired	—	(116.0)	—	—	(116.0)
Capital expenditures	—	(120.1)	(3.3)	—	(123.4)
Proceeds from sale of property and equipment	—	18.2	1.8	—	20.0
Payments for other investments	—	(3.8)	(73.3)	—	(77.1)
Proceeds from other investments	—	1.2	22.6	—	23.8
Net cash used in investing activities	\$ —	\$ (220.5)	\$ (52.2)	\$ —	\$ (272.7)
Cash flows from financing activities:					
Proceeds from credit facilities	—	2,674.4	24.6	—	2,699.0
Repayments of credit facilities	—	(2,428.9)	(28.4)	—	(2,457.3)
Repayments of other borrowings, net	—	(2.3)	(1.1)	—	(3.4)
Payments of finance lease obligation	—	(59.2)	(8.5)	—	(67.7)
Payments of acquisition-related contingent consideration	—	(6.6)	—	—	(6.7)
Distributions to non-controlling interests	—	(22.7)	—	—	(22.7)
Proceeds from stock-based awards	3.1	—	—	—	3.1
Payments for stock-based awards	(6.2)	—	—	—	(6.2)
Repurchase of common stock	(1.6)	—	—	—	(1.6)
Other financing activities, net	—	(6.3)	—	—	(6.3)
Net financing activities and advances from (to) consolidated affiliates	4.7	(89.6)	84.9	—	—
Net cash provided by financing activities	\$ —	\$ 58.8	\$ 71.5	\$ —	\$ 130.3
Effect of currency translation on cash	—	—	(0.1)	—	(0.1)
Net (decrease) increase in cash and cash equivalents	\$ —	\$ (18.8)	\$ 20.4	\$ —	\$ 1.6
Cash and cash equivalents - beginning of period	—	28.9	9.9	—	38.8
Cash and cash equivalents - end of period	\$ —	\$ 10.1	\$ 30.3	\$ —	\$ 40.3

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this Form 10-K, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on management’s evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2019.

Management’s Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. In making its assessment of the effectiveness of internal control, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO criteria”) in *Internal Control-Integrated Framework* (2013). Our internal control over financial reporting is designed to provide reasonable assurance to management and to our Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management’s assessment of the effectiveness of internal control over financial reporting did not include the internal controls over financial reporting of Kingsley Constructors, Inc. (“Kingsley”), Quadgen Wireless Solutions, Inc. (“Quadgen”), Casey Industrial, Inc. (“Casey”) and Decisive Communications, Inc. (“Decisive”). Kingsley was effectively acquired in the first quarter of 2019 and Quadgen, Casey and Decisive in the fourth quarter of 2019, all of which are included in the 2019 consolidated financial statements in this Form 10-K. These acquisitions’ total assets constituted 7% of the Company’s total assets as of December 31, 2019, and represented 3% and less than 1% of the Company’s revenue and net income, respectively, for the year then ended.

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2019.

BDO USA, LLP, the independent registered public accounting firm which audits our financial statements, has audited our internal control over financial reporting as of December 31, 2019 and has expressed an unqualified opinion thereon as stated in their report that is included in Item 8. “Financial Statements and Supplementary Data,” of this Form 10-K.

Changes in Internal Control over Financial Reporting. There have been no changes in the Company’s internal control over financial reporting during the fourth quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors

MasTec, Inc.

Coral Gables, Florida

Opinion on Internal Control over Financial Reporting

We have audited MasTec, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company and subsidiaries as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements") and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As indicated in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting", management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Kingsley Constructors, Inc. ("Kingsley"), Quadgen Wireless Solutions, Inc. ("Quadgen"), Casey Industrial, Inc. ("Casey") and Decisive Communications, Inc. ("Decisive"). Kingsley was acquired during the first quarter of 2019 and Quadgen, Casey and Decisive during the fourth quarter of 2019, all of which are included in the consolidated balance sheet of the Company and subsidiaries as of December 31, 2019, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for the year then ended. These acquisitions constituted 7% of total assets as of December 31, 2019, and 3% and less than 1% of revenues and net income, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of Kingsley, Quadgen, Casey and Decisive because of the timing of their acquisitions. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Kingsley, Quadgen, Casey and Decisive.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP
Miami, Florida

February 27, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information about directors required for this item is incorporated by reference from our Proxy Statement to be filed in connection with our 2020 Annual Meeting of Shareholders.

We have adopted a code of business conduct and ethics, called the Code of Business Conduct and Ethics, that applies to all of our directors, officers, including our principal executive, financial and accounting officers, and employees and includes additional criteria that are applicable to our Chief Executive Officer and senior financial officers. The full text of the Code of Business Conduct and Ethics is available in the Investor section of MasTec's website at www.mastec.com under the tab "Corporate Governance" and is available in print to any shareholder who requests it. See also Item 1. "Business - Available Information." We intend to provide amendments or waivers to our Code of Business Conduct and Ethics for any of our directors and principal officers on our website within four business days after such amendment or waiver. The reference to our website address does not constitute incorporation by reference of any of the information contained on the website, and such information is not a part of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required for this item is incorporated by reference from our Proxy Statement to be filed in connection with our 2020 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS**Equity Compensation Plans**

The following table sets forth information about our common stock that may be issued under all of our equity compensation plans as of December 31, 2019, which included: the 2013 Incentive Plan; the 2011 ESPP; and the 2013 Bargaining Units ESPP.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	N/A	N/A	3,864,858 ⁽¹⁾
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	N/A		3,864,858

(1) Under the 2013 Incentive Plan, 2,152,386 shares were available for issuance as of December 31, 2019. Under the 2011 ESPP and 2013 Bargaining Units ESPP, 765,610 shares and 946,862 shares, respectively, were available for issuance as of December 31, 2019.

The other information required by this item is incorporated by reference from our Proxy Statement to be filed in connection with our 2020 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required for this item is incorporated by reference from our Proxy Statement to be filed in connection with our 2020 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required for this item is incorporated by reference from our Proxy Statement to be filed in connection with our 2020 Annual Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements, schedules and exhibits are filed as part of this Form 10-K:

- (a) 1. *Financial Statements* – the consolidated financial statements and the reports of the Independent Registered Public Accounting firms are listed on pages 43 through 86.
2. *Financial Statement Schedules* – Schedule II - Valuation and Qualifying Accounts.
3. *Exhibits including those incorporated by reference* – The Exhibit Index below contains a list of exhibits filed or furnished with this Form 10-K.

Exhibit Index

<u>Exhibits</u>	<u>Description (1)</u>
3.1	<u>Composite Articles of Incorporation of MasTec, Inc.</u> , filed as Exhibit 3.1 to our Annual Report on Form 10-K filed with the SEC on February 25, 2010 and incorporated by reference herein.
3.2	<u>Amended and Restated By-laws of MasTec, Inc., amended and restated as of January 22, 2010</u> , filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on January 28, 2010 and incorporated by reference herein.
4.1	<u>Indenture, dated June 5, 2009, by and among MasTec, Inc., MasTec Inc.'s subsidiaries party thereto, as guarantors, and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on June 5, 2009 and incorporated by reference herein.
4.2	<u>Fifth Supplemental Indenture, dated as of March 18, 2013, by and among MasTec, Inc., MasTec, Inc.'s subsidiaries party thereto, as guarantors, and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on March 18, 2013 and incorporated by reference herein.
4.3	<u>Sixth Supplemental Indenture, dated as of September 30, 2013, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.11 to our Annual Report on Form 10-K filed with the SEC on February 27, 2014 and incorporated by reference herein.
4.4	<u>Seventh Supplemental Indenture, dated as of November 11, 2013, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.12 to our Annual Report on Form 10-K filed with the SEC on February 27, 2014 and incorporated by reference herein.
4.5	<u>Eighth Supplemental Indenture, dated as of March 12, 2014, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014 and incorporated by reference herein.
4.6	<u>Ninth Supplemental Indenture, dated as of April 30, 2014, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.2 to our Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014 and incorporated by reference herein.
4.7	<u>Tenth Supplemental Indenture, dated as of July 10, 2014, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.3 to our Quarterly Report on Form 10-Q filed with the SEC on August 11, 2014 and incorporated by reference herein.
4.8	<u>Eleventh Supplemental Indenture, dated as of August 8, 2014, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on October 30, 2014 and incorporated by reference herein.
4.9	<u>Twelfth Supplemental Indenture, dated as of December 8, 2014, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.9 to our Annual Report on Form 10-K filed with the SEC on July 31, 2015 and incorporated by reference herein.
4.10	<u>Thirteenth Supplemental Indenture, dated as of April 10, 2015, by and among MasTec, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on April 13, 2015 and incorporated by reference herein.
4.11	<u>Fourteenth Supplemental Indenture, dated as of January 7, 2016, by and among MasTec, Inc., the new guarantors party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.11 to our Annual Report on Form 10-K filed with the SEC on February 26, 2016 and incorporated by reference herein.
4.12	<u>Fifteenth Supplemental Indenture, dated as of September 1, 2016, by and among MasTec, Inc., the new guarantor party thereto and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 3, 2016 and incorporated by reference herein.
4.13	<u>Seventeenth Supplemental Indenture, dated as of July 28, 2017, by and among MasTec Inc., MasTec, Inc.'s subsidiary party thereto, as guarantor, and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on August 3, 2017 and incorporated by reference herein.
4.14	<u>Eighteenth Supplemental Indenture, dated as of November 1, 2017, by and among MasTec Inc., MasTec, Inc.'s subsidiaries party thereto, as guarantors, and U.S. Bank National Association, as trustee</u> , filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on November 2, 2017 and incorporated by reference herein.
4.15*	<u>Nineteenth Supplemental Indenture, dated as of June 29, 2018, by and among MasTec Inc., MasTec, Inc.'s subsidiaries party thereto, as guarantors, and U.S. Bank National Association, as trustee</u> .
4.16*	<u>Twentieth Supplemental Indenture, dated as of April 1, 2019, by and among MasTec Inc., MasTec, Inc.'s subsidiaries party thereto, as guarantors, and U.S. Bank National Association, as trustee</u> .
4.17*	<u>Description of Capital Stock</u>

10.1+	Split Dollar Agreement, dated as of February 26, 2018, by and between MasTec, Inc., Jorge Mas, and José Ramon Mas and Juan Carlos Mas, as Trustees of the Jorge Mas Irrevocable Trust, dated June 1, 2012 , filed as Exhibit 10.1 to our Annual Report on Form 10-K filed with the SEC on February 27, 2018 and incorporated by reference herein.
10.2+	Split Dollar Agreement, dated as of February 26, 2018, by and between MasTec, Inc., José Ramon Mas, and Patricia C. Mas, Jorge Mas and Juan Carlos Mas, as Trustees of the José Ramon Mas Irrevocable Trust, dated December 7, 2012 , filed as Exhibit 10.2 to our Annual Report on Form 10-K filed with the SEC on February 27, 2018 and incorporated by reference herein.
10.3+	MasTec, Inc. Deferred Compensation Plan, effective as of June 1, 2008 , filed as Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on April 4, 2008 and incorporated by reference herein.
10.4+	Employment Agreement, effective as of January 1, 2010, between MasTec, Inc. and Robert Apple , filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 28, 2010 and incorporated by reference herein.
10.5+	MasTec, Inc. Amended and Restated 2011 Employee Stock Purchase Plan , filed as Annex A to our Definitive Proxy Statement on Schedule 14A filed with the SEC on September 2, 2015 and incorporated by reference herein.
10.6	Fifth Amended and Restated Credit Agreement, dated as of September 19, 2019, by and among MasTec, Inc. and MasTec North America, Inc. as Borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other lenders party thereto , filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed with the SEC on October 31, 2019 and incorporated by reference herein.
10.7*	Second Amended and Restated Subsidiary Guaranty Agreement, dated as of February 22, 2017, by and among the Guarantors party thereto and Bank of America, N.A., as Administrative Agent .
10.8*	Amended and Restated Security Agreement, dated as of February 22, 2017, by and among MasTec, Inc., certain of its subsidiaries and Bank of America, N.A., as Administrative Agent .
10.9*	Fifth Amended and Restated Pledge Agreement, dated as of February 22, 2017, by and among MasTec, Inc., certain of its subsidiaries and Bank of America, N.A., as Administrative Agent .
10.10+	Employment Agreement, dated April 18, 2007, by and between MasTec, Inc. and José R. Mas , filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 20, 2007 and incorporated by reference herein.
10.11+	Employment Agreement, dated as of January 1, 2008, by and between MasTec, Inc. and Alberto de Cardenas , filed as Exhibit 10.53 to our Annual Report on Form 10-K filed with the SEC on February 28, 2008 and incorporated by reference herein.
10.12+	MasTec, Inc. Bargaining Units ESPP , filed as Annex A to our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 10, 2013 and incorporated by reference herein.
10.13+	MasTec, Inc. Amended and Restated 2013 Incentive Compensation Plan, effective as of January 1, 2017 , filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 and incorporated by reference herein.
10.14+	Form of Employee Restricted Stock Agreement for the MasTec, Inc. Amended and Restated 2013 Incentive Compensation Plan , filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 and incorporated by reference herein.
10.15+	Form of Non-Employee Restricted Stock Agreement for the MasTec, Inc. Amended and Restated 2013 Incentive Compensation Plan , filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 and incorporated by reference herein.
10.16+	Form of Employee Restricted Stock Units Agreement for the MasTec, Inc. Amended and Restated 2013 Incentive Compensation Plan , filed as Exhibit 10.5 to our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 and incorporated by reference herein.
10.17+	Form of Executive Employee Restricted Stock Agreement for the MasTec, Inc. Amended and Restated 2013 Incentive Compensation Plan , filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 and incorporated by reference herein.
10.18+	Employment Agreement by and between MasTec, Inc. and George Pita, dated January 23, 2014 , filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 24, 2014 and incorporated by reference herein.
10.19+	Deferred Fee Plan for Directors dated December 19, 2005 , filed as Exhibit 10.38 to our Form 8-K filed with the SEC on December 23, 2005 and incorporated by reference herein.
21*	Subsidiaries of MasTec, Inc.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	The cover page of MasTec, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL (included with the Exhibit 101 attachments).

(1) SEC file number for all Securities Exchange Act reports referenced in the exhibit list is 001 - 08106.

- * Filed herewith.
- ** Furnished herewith.
- + Management contract or compensation plan arrangement.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

MASTEC, INC.
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(in millions)

		Additions				
	Balance at Beginning of Period	Charges to Cost and Expense	Other Additions	(Deductions)	Balance at End of Period	
Year ended December 31, 2019						
Allowance for doubtful accounts	\$ 16.3	\$ 1.7 ^(a)	\$ —	\$ (7.9) ^(b)	\$ 10.1	
Allowance for unbilled receivables	22.0	49.7 ^(a)	—	(40.4) ^(b)	31.3	
Valuation allowance for inventory	7.8	2.1 ^(c)	—	(2.2) ^(d)	7.7	
Valuation allowance for deferred tax assets	40.6	8.2 ^(e)	—	—	48.8	
Total	\$ 86.7	\$ 61.7	\$ —	\$ (50.5)	\$ 97.9	
Year ended December 31, 2018						
Allowance for doubtful accounts	\$ 8.2	\$ 8.6 ^(a)	\$ —	\$ (0.5) ^(b)	\$ 16.3	
Allowance for unbilled receivables	27.2	33.0 ^(a)	—	(38.2) ^(b)	22.0	
Valuation allowance for inventory	7.7	1.1 ^(c)	—	(1.0) ^(d)	7.8	
Valuation allowance for deferred tax assets	40.5	0.1 ^(e)	—	—	40.6	
Total	\$ 83.6	\$ 42.8	\$ —	\$ (39.7)	\$ 86.7	
Year ended December 31, 2017						
Allowance for doubtful accounts	\$ 8.4	\$ 2.6 ^(a)	\$ —	\$ (2.8) ^(b)	\$ 8.2	
Allowance for unbilled receivables	9.5	22.3 ^(a)	—	(4.6) ^(b)	27.2	
Valuation allowance for inventory	3.5	6.2 ^(c)	—	(2.0) ^(d)	7.7	
Valuation allowance for deferred tax assets	21.4	19.1 ^(e)	—	—	40.5	
Total	\$ 42.8	\$ 50.2	\$ —	\$ (9.4)	\$ 83.6	

- (a) Provisions for receivables.
(b) Write-offs of and reversals for receivables.
(c) Provisions for obsolete inventory and other adjustments to net realizable value.
(d) Inventory write-offs.
(e) Additions related to federal, foreign, and state attributes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, State of Florida, on February 27, 2020.

MASTEC, INC.

/s/ JOSÉ R. MAS

José R. Mas

Chief Executive Officer

(Principal Executive Officer)

/s/ GEORGE L. PITA

George L. Pita

Chief Financial Officer

(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 27, 2020.

/s/ JORGE MAS

Jorge Mas

Chairman of the Board of Directors

/s/ JOSÉ R. MAS

José R. Mas

Chief Executive Officer and Director

(Principal Executive Officer)

/s/ GEORGE L. PITA

George L. Pita

Chief Financial Officer

(Principal Financial and Accounting Officer)

/s/ C. ROBERT CAMPBELL

C. Robert Campbell

Director

/s/ ERNST N. CSISZAR

Ernst N. Csiszar

Director

/s/ ROBERT J. DWYER

Robert J. Dwyer

Director

/s/ JULIA L. JOHNSON

Julia L. Johnson

Director

/s/ JAVIER PALOMAREZ

Javier Palomarez

Director

/s/ JOSÉ S. SORZANO

José S. Sorzano

Director

NINETEENTH SUPPLEMENTAL INDENTURE (this "Nineteenth Supplemental Indenture"), dated as of June 29, 2018, among LEMARTEC CORPORATION, a Florida corporation ("Lemartec"), and MASTEC EQUIPMENT, INC., a Florida corporation ("Equipment" and, together with Lemartec, the "New Guarantors"), MASTEC, INC., a Florida corporation (the "Company"), and U.S. BANK NATIONAL ASSOCIATION, as trustee under the Indenture referred to below (the "Trustee").

WITNESSETH:

WHEREAS the Company has heretofore executed and delivered to the Trustee an indenture (as amended, supplemented or otherwise modified, the "Indenture") dated as of June 5, 2009, providing for (i) the issuance by the Company from time to time of its senior debt securities evidencing its unsecured and unsubordinated indebtedness, in an unlimited aggregate principal amount, in one or more series and (ii) the guaranty of such securities by the guarantors party thereto;

WHEREAS the Company has heretofore supplemented the Indenture by, among other things, executing and delivering to the Trustee (i) the Fifth Supplemental Indenture, dated as of March 18, 2013 (the "Fifth Supplemental Indenture"), by and among the Company, the guarantors party thereto and the Trustee, relating to the Company's 4.875% Senior Notes due 2023 (the "Notes"), (ii) the Sixth Supplemental Indenture, dated as of September 30, 2013, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (iii) the Seventh Supplemental Indenture, dated as of November 11, 2013, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (iv) the Tenth Supplemental Indenture, dated as of July 10, 2014, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (v) the Eleventh Supplemental Indenture, dated as of August 8, 2014, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (vi) the Twelfth Supplemental Indenture, dated as of December 8, 2014, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (vii) the Thirteenth Supplemental Indenture, dated as of April 10, 2015, relating to certain amendments to the Indenture, (viii) the Fourteenth Supplemental Indenture, dated as of January 7, 2016, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (ix) the Fifteenth Supplemental Indenture, dated as of September 1, 2016, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (x) the Sixteenth Supplemental Indenture, dated as of March 7, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (xi) the Seventeenth Supplemental Indenture, dated as of July 28, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, and (xii) the Eighteenth Supplemental Indenture, dated as of November 1, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors;

WHEREAS Section 4.15 of the Fifth Supplemental Indenture provides that under certain circumstances, the Company is required to cause the New Guarantors to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantors shall unconditionally guarantee all the Company's obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Guarantee"); and

WHEREAS pursuant to Section 901 of the Indenture and Section 9.01 of the Fifth Supplemental Indenture, the Trustee, the Company and the New Guarantors are each authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each of the New Guarantors, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

1. Defined Terms. Defined terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. Agreement to Guarantee. Each of the New Guarantors hereby agrees, jointly and severally with all existing guarantors (if any), to (i) provide an unconditional guarantee on the terms and subject to the conditions set forth in (A) Article Seventeen of the Indenture and (B) Article Eleven of the Fifth Supplemental Indenture and (ii) be bound by all other applicable provisions of the Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under the Indenture.
3. No Recourse against Others. No recourse for the payment of the principal of, premium, if any, or interest on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of any obligor in this Indenture, or in any of the Notes or Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or of any Subsidiary or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws.
4. Notices. All notices or other communications to any of the New Guarantors shall be given as provided in Section 13.02 of the Fifth Supplemental Indenture.
5. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

6. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**
7. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.
8. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.
9. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction thereof.
10. Recitals and Statements. The recitals and statements contained herein are deemed to be solely those of the New Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

LEMARTEC CORPORATION

By: /s/ George L. Pita
Name: George L. Pita
Title: Vice President

MASTEC EQUIPMENT, INC.

By: /s/ George L. Pita
Name: George L. Pita
Title: Vice President and Chief Financial Officer

MASTEC, INC.

By: /s/ George L. Pita
Name: George L. Pita
Title: Executive Vice President, Chief Financial Officer and Principal Accounting Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Donald T. Hurrelbrink
Name: Donald T. Hurrelbrink
Title: Vice President

TWENTIETH SUPPLEMENTAL INDENTURE (this "Twentieth Supplemental Indenture"), dated as of April 1, 2019, among KINGSLEY CONSTRUCTORS, INC., a Texas corporation (the "New Guarantor"), MASTEC, INC., a Florida corporation (the "Company"), and U.S. BANK NATIONAL ASSOCIATION, as trustee under the Indenture referred to below (the "Trustee").

WITNESSETH:

WHEREAS the Company has heretofore executed and delivered to the Trustee an indenture (as amended, supplemented or otherwise modified, the "Indenture") dated as of June 5, 2009, providing for (i) the issuance by the Company from time to time of its senior debt securities evidencing its unsecured and unsubordinated indebtedness, in an unlimited aggregate principal amount, in one or more series and (ii) the guaranty of such securities by the guarantors party thereto;

WHEREAS the Company has heretofore supplemented the Indenture by, among other things, executing and delivering to the Trustee (i) the Fifth Supplemental Indenture, dated as of March 18, 2013 (the "Fifth Supplemental Indenture"), by and among the Company, the guarantors party thereto and the Trustee, relating to the Company's 4.875% Senior Notes due 2023 (the "Notes"), (ii) the Sixth Supplemental Indenture, dated as of September 30, 2013, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (iii) the Seventh Supplemental Indenture, dated as of November 11, 2013, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (iv) the Tenth Supplemental Indenture, dated as of July 10, 2014, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (v) the Eleventh Supplemental Indenture, dated as of August 8, 2014, by and among the Company, the guarantors party thereto and the Trustee, relating to the joinder of certain subsidiaries as subsidiary guarantors, (vi) the Twelfth Supplemental Indenture, dated as of December 8, 2014, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (vii) the Thirteenth Supplemental Indenture, dated as of April 10, 2015, relating to certain amendments to the Indenture, (viii) the Fourteenth Supplemental Indenture, dated as of January 7, 2016, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (ix) the Fifteenth Supplemental Indenture, dated as of September 1, 2016, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (x) the Sixteenth Supplemental Indenture, dated as of March 7, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (xi) the Seventeenth Supplemental Indenture, dated as of July 28, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, (xii) the Eighteenth Supplemental Indenture, dated as of November 1, 2017, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors, and (xiii) the Nineteenth Supplemental Indenture, dated as of June 29, 2018, relating to the joinder of certain subsidiaries of the Company as subsidiary guarantors;

WHEREAS Section 4.15 of the Fifth Supplemental Indenture provides that under certain circumstances, the Company is required to cause the New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall unconditionally guarantee all the Company's obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Guarantee"); and

WHEREAS pursuant to Section 901 of the Indenture and Section 9.01 of the Fifth Supplemental Indenture, the Trustee, the Company and the New Guarantor are each authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

1. Defined Terms. Defined terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. Agreement to Guarantee. The New Guarantor hereby agrees, jointly and severally with all existing guarantors (if any), to (i) provide an unconditional guarantee on the terms and subject to the conditions set forth in (A) Article Seventeen of the Indenture and (B) Article Eleven of the Fifth Supplemental Indenture and (ii) be bound by all other applicable provisions of the Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under the Indenture.
3. No Recourse against Others. No recourse for the payment of the principal of, premium, if any, or interest on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant

or agreement of any obligor in this Indenture, or in any of the Notes or Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or of any Subsidiary or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws.

4. Notices. All notices or other communications to the New Guarantor shall be given as provided in Section 13.02 of the Fifth Supplemental Indenture.
5. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.
6. Governing Law. **THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**
7. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.
8. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.
9. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction thereof.
10. Recitals and Statements. The recitals and statements contained herein are deemed to be solely those of the New Guarantor and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

KINGSLEY CONSTRUCTORS, INC.

By: /s/ Alberto de Cardenas
Name: Alberto de Cardenas
Title: Secretary

MASTEC, INC.

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Chief Operating Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Donald T. Hurrelbrink
Name: Donald T. Hurrelbrink
Title: Vice President

DESCRIPTION OF COMMON STOCK

General

As of December 31, 2019, MasTec, Inc. (the “Company” or “we” or “our”) had one class of securities, our common stock, registered under Section 12 of the Securities Exchange Act of 1934, as amended. The following description of our common stock summarizes certain material terms and provisions of our common stock. It does not purport to be complete, however, and is qualified in its entirety by reference to Florida law and by the actual terms and provisions contained in our Amended and Restated Articles of Incorporation and our Amended and Restated Bylaws, which are incorporated by reference as exhibits to our Annual Report on Form 10-K for the year ended December 31, 2019, of which this exhibit is a part.

Overview

We are authorized to issue up to 145,000,000 shares of common stock, par value \$0.10 per share, and 5,000,000 shares of preferred stock, par value \$1.00 per share. No shares of our preferred stock are issued and outstanding. The outstanding shares of our common stock are fully paid and nonassessable.

General Description of our Common Stock

Voting Rights. Each share of our common stock entitles its owner to one vote on all matters submitted to a vote of our shareholders.

Dividend Rights. The holders of our common stock are entitled to receive dividends, when, as and if declared by our Board of Directors, in its discretion, from funds legally available for the payment of dividends.

Liquidating Rights. If we liquidate or dissolve, the owners of our common stock will be entitled to share proportionately in our assets, if any, legally available for distribution to shareholders, but only after we have paid all of our debts and liabilities.

Other Rights and Preferences. Our common stock has no preemptive rights, no sinking fund provisions and no subscription, redemption or conversion privileges, and it is not subject to any further calls or assessments by us. Our common stock does not have cumulative voting rights, which means that the holders of a plurality of the outstanding shares of our common stock voting for the election of directors can elect all members of our Board of Directors eligible for election in any year. Additionally, the vote or concurrence of our shareholders holding a majority in interest of our common stock is sufficient for certain other actions that require the vote or concurrence of shareholders.

As of December 31, 2019, Jorge Mas, our Chairman, and José Mas, our Chief Executive Officer, together with certain family partnerships and trusts, beneficially own approximately 23% of our issued and outstanding shares of common stock. Consequently, they have the power to control our management and affairs and are in a position to substantially influence:

- the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets;
- the nomination of individuals to our Board of Directors; and
- a change in our control.

The Mas family’s ability to exercise significant control over our management and affairs may discourage, delay or prevent a takeover attempt that you might consider in your best interest and that might result in you receiving a premium for your common stock.

General Description of Preferred Stock

Our Amended and Restated Articles of Incorporation authorize our Board of Directors, without further shareholder approval, to:

- issue preferred stock in one or more series;
- establish the number of shares to be included in each such series; and
- fix the designations, powers, preferences and rights of the shares of each series and any qualifications, limitations or restrictions on those shares.

The Board of Directors may establish a class or series of preferred stock with preferences, powers and rights (including voting rights) senior to the rights of the holders of our common stock. If we issue any of our preferred stock, it may have the effect of delaying, deferring or preventing a change in control.

Listing

Our common stock is traded on the New York Stock Exchange under the trading symbol "MTZ."

Material Provisions of Our Articles of Incorporation and Bylaws

Our Amended and Restated Articles of Incorporation and our Amended and Restated Bylaws contain material provisions that may make the acquisition of control of us more difficult.

Business Combinations. Our Amended and Restated Articles of Incorporation contain material provisions which may make it more difficult for a person or entity that is the holder of more than 10% of our outstanding voting stock to force us to approve a "business combination." For purposes of this discussion, a "business combination" includes any:

- merger or consolidation of us with or into another corporation;
- sale or lease of all or any substantial part of our property and assets; or
- issuance of our securities in exchange for sale or lease to us of property and assets having an aggregate fair market value of \$1 million or more.

Our Amended and Restated Articles of Incorporation require at least 80% of the voting power of all of our outstanding shares entitled to vote in the election of directors, voting together as a single class, to vote in favor of a business combination with any person or entity that is directly or indirectly the holder of more than 10% of our outstanding voting stock in order for that transaction to be approved. This voting requirement may have the effect of delaying, deferring or preventing a change in control of us. However, this voting requirement is not applicable to business combinations if either:

- our Board of Directors has approved a memorandum of understanding with the other corporation with respect to the transaction prior to the time that the other corporation became a holder of more than 10% of our outstanding voting stock; or
- the transaction is proposed by a corporation of which we are the majority owner.

Classified Board of Directors and Related Provisions. Our Amended and Restated Bylaws provide that the number of our directors will be established from time to time by a majority vote of our Board of Directors or our shareholders. Our Amended and Restated Bylaws also provide that our Board of Directors will be divided into three classes of directors, with each class having a number of directors as nearly equal as possible to each other class and that directors will serve for staggered three-year terms. As a result, one-third of our Board of Directors will be elected each year. These classified board provisions could prevent a party who acquires control of a majority of our outstanding voting stock from obtaining control of the Board of Directors until the second annual shareholders meeting following the date on which the acquirer obtains its controlling interest. Additionally, our Board of Directors' Governance Principles include a director majority vote policy. The majority vote policy is applicable solely to uncontested elections, which are those elections in which the number of nominees for election is less than or equal to the number of directors to be elected. Under the majority vote policy, any nominee for director who receives more "withheld" votes than "for" votes in an uncontested election must submit a written offer to resign as director. Any such resignation will be reviewed by our Nominating, Sustainability and Corporate Governance Committee, and, within 90 days after the election, the independent members of the Board of Directors will determine whether to accept, reject or take other appropriate action with respect to the resignation in furtherance of the best interests of us and our shareholders.

Our shareholders may remove any of our directors or our entire Board of Directors if the votes in favor of removal constitute at least a majority of all of our outstanding voting stock entitled to vote. However, our Amended and Restated Bylaws also provide that our shareholders may only remove our directors for "cause" and only by a vote at a meeting that is called for the purpose of removing the director or directors. Our Amended and Restated Bylaws define "cause" as failing to substantially perform one's duties to us (other than as a result of incapacity due to physical or mental illness) or willfully engaging in gross misconduct injurious to us. If there is a vacancy on our Board of Directors, a majority of either our remaining directors or our shareholders may fill the vacancy.

Shareholder Action By Written Consent. Our Amended and Restated Bylaws provide that any actions which our shareholders may take at a shareholders' meeting can be taken by written consent in lieu of a meeting.

In order to effect a shareholder action by written consent in lieu of a meeting, holders of our outstanding voting stock, having at least the minimum number of votes that would be necessary to authorize the action at a shareholders' meeting, must sign a written consent which states the action to be taken. If our shareholders take any action by written consent in lieu of a meeting, we must notify all of our shareholders that did not consent to the action in writing within 10 days after receiving the written consent and describe the action to them and whether dissenters' rights are available.

Indemnification. Our Amended and Restated Articles of Incorporation and/or Amended and Restated Bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by law. Our Amended and Restated Bylaws

permit us to purchase insurance on behalf of our directors, officers, employees and agents and directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise, serving as such at our request, against liabilities that they may incur in those capacities, whether or not we would have the power to indemnify them against such liabilities.

Florida Anti-Takeover Statute

As a Florida corporation, we are subject to certain anti-takeover provisions that apply to public corporations under Florida law. Pursuant to Section 607.0901 of the Florida Business Corporation Act, or the Florida Act, a publicly held Florida corporation may not engage in a broad range of business combinations or other extraordinary corporate transactions with an interested shareholder for a period of three years following the time that such shareholder became an interested shareholder unless (A) prior to the time that such shareholder became an interested shareholder, the board of directors approved the affiliated transaction or the transaction which resulted in the shareholder becoming an interested shareholder, (B) upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting shares of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting shares outstanding, but not the outstanding voting shares owned by the interested shareholder, those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer or (C) at or subsequent to the time that such shareholder became an interested shareholder, the affiliated transaction is approved by the board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least two-thirds of the voting shares of the corporation (excluding shares held by the interested shareholder), unless:

the transaction is approved by a majority of disinterested directors;

- the corporation has not had more than 300 shareholders of record at any time during the three years preceding the announcement date of any such business combination;
- the interested shareholder has beneficially owned at least 80% of the corporation's outstanding voting shares for at least three years preceding the announcement date of any such business combination;
- the interested shareholder is the beneficial owner of at least 90% of the outstanding voting shares of the corporation, exclusive of shares acquired directly from the corporation in a transaction not approved by a majority of the disinterested directors; or
- the consideration paid to the holders of the corporation's voting stock is at least equal to certain fair price criteria

An interested shareholder is defined as a person who together with affiliates and associates beneficially owns more than 15% of a corporation's outstanding voting shares. We have not made an election in our Amended and Restated Articles of Incorporation to opt out of Section 607.0901.

In addition, we are subject to Section 607.0902 of the Florida Act which prohibits the voting of shares in a publicly held Florida corporation that are acquired in a control share acquisition unless (i) our Board of Directors approved such acquisition prior to its consummation or (ii) after such acquisition, in lieu of prior approval by our Board of Directors, the holders of a majority of the corporation's voting shares, exclusive of shares owned by officers of the corporation, employee directors or the acquiring party, approve the granting of voting rights as to the shares acquired in the control share acquisition. A control share acquisition is defined as an acquisition that immediately thereafter entitles the acquiring party to 20% or more of the total voting power in an election of directors.

**SECOND AMENDED AND RESTATED
SUBSIDIARY GUARANTY AGREEMENT**

THIS SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTY AGREEMENT dated as of February 22, 2017 (this "Subsidiary Guaranty Agreement"), is being entered into among EACH OF THE UNDERSIGNED AND EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A SUBSIDIARY GUARANTY JOINDER AGREEMENT (each a "Subsidiary Guarantor" and collectively the "Subsidiary Guarantors") and BANK OF AMERICA, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for each of the Secured Parties (as defined in the Credit Agreement referenced below). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

WHEREAS, MasTec, Inc., a Florida corporation (the "Company"), MasTec North America, Inc., a Florida corporation (together with the Company, collectively, the "Borrowers" and each individually a "Borrower"), the lenders party thereto (the "Existing Lenders") and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement dated as of August 22, 2011 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), pursuant to which the Existing Lenders agreed to provide a revolving credit facility, a multi-currency revolving credit facility, a letter of credit subfacility and a term loan facility to the Company and its Subsidiaries;

WHEREAS, in connection with the Existing Credit Agreement, certain Subsidiaries of the Company and the Administrative Agent entered into that certain Consolidated Amended and Restated Subsidiary Guaranty Agreement dated as of August 22, 2011 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Subsidiary Guaranty Agreement");

WHEREAS, pursuant to that certain Fourth Amended and Restated Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the Administrative Agent, Bank of America, N.A., as Swing Line Lender and L/C Issuer, and the lenders now or hereafter party thereto (the "Lenders"), the Borrowers have requested that the Existing Credit Agreement be amended and restated, and the Administrative Agent and the Lenders are willing to so amend and restate the Existing Credit Agreement;

WHEREAS, a material part of the consideration given in connection with and as an inducement to the execution and delivery of the Credit Agreement by the Administrative Agent and the Lenders is the obligation of the Subsidiary Guarantors to enter into this Subsidiary Guaranty Agreement, and the Secured Parties are unwilling to extend and maintain the credit facilities provided under the Loan Documents unless the Subsidiary Guarantors enter into this Subsidiary Guaranty Agreement; and

WHEREAS, certain additional extensions of credit may be made from time to time for the benefit of the Subsidiary Guarantors pursuant to certain Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit;

NOW THEREFORE, in order to induce (a) the Administrative Agent and the Lenders to amend and restate the Existing Credit Agreement and (b) the Secured Parties to from time to time make and maintain extensions of credit under the Credit Agreement and under the Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit, the parties hereto agree that the Existing Subsidiary Guaranty Agreement is hereby amended and restated in this Subsidiary Guaranty Agreement, with the effect that the Existing Subsidiary Guaranty Agreement as so amended and restated is hereby continued into this Subsidiary Guaranty Agreement, and this Subsidiary Guaranty Agreement shall constitute neither a release nor novation of any guarantee arising under the Existing Subsidiary Guaranty Agreement nor a refinancing of any indebtedness or obligations arising thereunder or under the Existing Credit Agreement or related documents, but rather the guarantee in effect under the Existing Subsidiary Guaranty Agreement shall continue in effect on the terms hereof, as follows:

1. Guaranty. Each Subsidiary Guarantor hereby jointly and severally, unconditionally, absolutely, continually and irrevocably guarantees to the Administrative Agent for the benefit of the Secured Parties the payment and performance in full of the Guaranteed Liabilities (as defined below). For all purposes of this Subsidiary Guaranty Agreement, "Guaranteed Liabilities" means: (a) each Borrower's prompt payment in full, when due or declared due and at all such times, of all Obligations and all other amounts pursuant to the terms of the Credit Agreement, the Notes, and all other Loan Documents heretofore, now or at any time or times hereafter owing, arising, due or payable from any Borrower to any one or more of the Secured Parties, including principal, interest, premiums and fees (including all fees and expenses of counsel required to be paid under the Credit Agreement, the Notes or another Loan Document (collectively, "Attorneys' Costs")); (b) each Borrower's prompt, full and faithful performance, observance and discharge of each and every agreement, undertaking, covenant and provision to be performed, observed or discharged by such Borrower under the Credit Agreement, the Notes and all other Loan Documents; and (c) the prompt payment in full by each Loan Party, when due or declared due and at all such times, of obligations and liabilities now or hereafter arising under the Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit; provided that the Guaranteed Liability of a Subsidiary Guarantor shall exclude any Excluded Swap Obligations with respect to such Subsidiary Guarantor. The Subsidiary Guarantors' obligations to the Secured Parties under this Subsidiary Guaranty Agreement are hereinafter collectively referred to as the "Subsidiary Guarantors' Obligations" and, with respect to each Subsidiary Guarantor individually, the "Subsidiary Guarantor's Obligations". Notwithstanding the foregoing, the liability of each Subsidiary Guarantor individually with respect to its Subsidiary Guarantor's Obligations shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

Each Subsidiary Guarantor agrees that it is jointly and severally, directly and primarily liable (subject to the limitation in the immediately preceding sentence) for the Subsidiary Guaranteed Liabilities.

The Subsidiary Guarantors' Obligations are secured by various Collateral Documents referred to in the Credit Agreement, including without limitation the Security Agreement, the Pledge Agreement and the Mortgages.

2. **Payment.** If any Loan Party shall default in payment or performance of any of the Guaranteed Liabilities, whether principal, interest, premium, fees (including, but not limited to, Attorneys' Costs), or otherwise, when and as the same shall become due, and after expiration of any applicable grace period, whether according to the terms of the Credit Agreement, by acceleration, or otherwise, or upon the occurrence and during the continuance of any Event of Default under the Credit Agreement, then any or all of the Subsidiary Guarantors will, upon demand thereof by the Administrative Agent, (i) fully pay to the Administrative Agent, for the benefit of the Secured Parties, subject to any restriction on each Subsidiary Guarantor's Obligations set forth in Section 1 hereof, an amount equal to all the Guaranteed Liabilities then due and owing or declared or deemed to be due and owing, including for this purpose, in the event of any Event of Default under Section 8.01(f) of the Credit Agreement (and irrespective of the applicability of any restriction on acceleration or other action as against any other Loan Party under any Debtor Relief Laws), the entire outstanding or accrued amount of all Obligations or (ii) perform such Guaranteed Liabilities, as applicable. For purposes of this Section 2, the Subsidiary Guarantors acknowledge and agree that "Guaranteed Liabilities" shall be deemed to include any amount (whether principal, interest, premium or fees) which would have been accelerated in accordance with Section 8.02 of the Credit Agreement but for the fact that such acceleration could be unenforceable or not allowable under any Debtor Relief Law.

3. **Absolute Rights and Obligations.** This is a guaranty of payment and not of collection. The Subsidiary Guarantors' Obligations under this Subsidiary Guaranty Agreement shall be joint and several, absolute and unconditional irrespective of, and each Subsidiary Guarantor hereby expressly waives, to the extent permitted by law, any defense to its obligations under this Subsidiary Guaranty Agreement and all Collateral Documents to which it is a party by reason of:

(a) any lack of legality, validity or enforceability of the Credit Agreement, of any of the Notes, of any other Loan Document, or of any other agreement or instrument creating, providing security for, or otherwise relating to any of the Subsidiary Guarantors' Obligations, any of the Guaranteed Liabilities, or any other guaranty of any of the Guaranteed Liabilities (the Loan Documents and all such other agreements and instruments being collectively referred to as the "Related Agreements");

(b) any action taken under any of the Related Agreements, any exercise of any right or power therein conferred, any failure or omission to enforce any right conferred thereby, or any waiver of any covenant or condition therein provided;

(c) any acceleration of the maturity of any of the Guaranteed Liabilities, of the Subsidiary Guarantor's Obligations of any other Subsidiary Guarantor, or of any other obligations or liabilities of any Person under any of the Related Agreements;

(d) any release, exchange, non-perfection, lapse in perfection, disposal, deterioration in value, or impairment of any security for any of the Guaranteed Liabilities, for any of the Subsidiary Guarantor's Obligations of any Subsidiary Guarantor, or for any other obligations or liabilities of any Person under any of the Related Agreements;

(e) any dissolution of any Borrower, any Subsidiary Guarantor, any other Loan Party or any other party to a Related Agreement, or the combination or consolidation of any Borrower, any Subsidiary Guarantor, any other Loan Party or any other party to a Related Agreement into or with another entity or any transfer or disposition of any assets of any Borrower, any Subsidiary Guarantor or any other Loan Party or any other party to a Related Agreement;

(f) any extension (including without limitation extensions of time for payment), renewal, amendment, restructuring or restatement of, any acceptance of late or partial payments under, or any change in the amount of any borrowings or any credit facilities available under, the Credit Agreement, any of the Notes or any other Loan Document or any other Related Agreement, in whole or in part;

(g) the existence, addition, modification, termination, reduction or impairment of value, or release of any other guaranty (or security therefor) of the Guaranteed Liabilities (including without limitation the Subsidiary Guarantor's Obligations of any other Subsidiary Guarantor and obligations arising under any other guaranty or any other Loan Document now or hereafter in effect);

(h) any waiver of, forbearance or indulgence under, or other consent to any change in or departure from any term or provision contained in the Credit Agreement, any other Loan Document or any other Related Agreement, including without limitation any term pertaining to the payment or performance of any of the Guaranteed Liabilities, any of the Subsidiary Guarantor's Obligations of any other Subsidiary Guarantor, or any of the obligations or liabilities of any party to any other Related Agreement;

(i) any other circumstance whatsoever (with or without notice to or knowledge of any Subsidiary Guarantor or any other Loan Party) which might in any manner or to any extent vary the risks of such Loan Party, or might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor, including without limitation any right to require or claim that resort be had to any Borrower or any other Loan Party or to any collateral in respect of the Guaranteed Liabilities or Subsidiary Guarantors' Obligations.

It is the express purpose and intent of the parties hereto that this Subsidiary Guaranty Agreement and the Subsidiary Guarantors' Obligations hereunder and under each Subsidiary Guaranty Joinder Agreement shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment and performance as herein provided.

4. **Currency and Funds of Payment.** All Subsidiary Guarantors' Obligations for payment will be paid in lawful currency of the United States of America and in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Guaranteed Liabilities, or the rights of any Secured Party with respect thereto as against the Company or any other Loan Party, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Company or any other Loan Party of any or all of the Guaranteed Liabilities. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Subsidiary Guarantor in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Subsidiary Guaranty Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudicated to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Subsidiary Guarantor in the Agreement Currency, such Subsidiary Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Subsidiary Guarantor (or to any other Person who may be entitled thereto under applicable law).

5. **Events of Default.** Without limiting the provisions of Section 2 hereof, in the event that there shall occur and be continuing an Event of Default, then notwithstanding any collateral or other security or credit support for the Guaranteed Liabilities, at the Administrative Agent's election and without notice thereof or demand therefor, each of the Guaranteed Liabilities and the Subsidiary Guarantors' Obligations shall immediately be and become due and payable.

6. **Subordination.** Until this Subsidiary Guaranty Agreement is terminated in accordance with Section 22 hereof, each Subsidiary Guarantor hereby unconditionally subordinates all present and future debts, liabilities or obligations now or hereafter owing to such Subsidiary Guarantor (a) of any Borrower, to the payment in full of the Guaranteed Liabilities, (b) of every other Subsidiary Guarantor (an "obligated Subsidiary Guarantor"), to the payment in full of the Subsidiary Guarantors' Obligations of such obligated Subsidiary Guarantor, and (c) of each other Person now or hereafter constituting a Loan Party, to the payment in full of the obligations of such Loan Party owing to any Secured Party and arising under the Loan Documents or any Secured Cash Management Agreement or Secured Hedge Agreement. All amounts due under such subordinated debts, liabilities, or obligations shall, upon the occurrence and during the continuance of an Event of Default, be collected and, upon request by the Administrative Agent, paid over forthwith to the Administrative Agent for the benefit of the Secured Parties on account of the Guaranteed Liabilities, the Subsidiary Guarantors' Obligations, or such other obligations, as applicable, and, after such request and pending such payment, shall be held by such Subsidiary Guarantor as agent and bailee of the Secured Parties separate and apart from all other funds, property and accounts of such Subsidiary Guarantor.

7. **Suits.** Each Subsidiary Guarantor from time to time shall pay to the Administrative Agent for the benefit of the Secured Parties, on demand, at the Administrative Agent's Office or such other address as the Administrative Agent shall give notice of to such Subsidiary Guarantor, the Subsidiary Guarantors' Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Administrative Agent may proceed to suit against any one or more or all of the Subsidiary Guarantors. At the Administrative Agent's election, one or more and successive or concurrent suits may be brought hereon by the Administrative Agent against any one or more or all of the Subsidiary Guarantors, whether or not suit has been commenced against any Borrower, any other Subsidiary Guarantor, or any other Person and whether or not the Secured Parties have taken or failed to take any other action to collect all or any portion of the Guaranteed Liabilities or have taken or failed to take any actions against any collateral securing payment or performance of all or any portion of the Guaranteed Liabilities, and irrespective of any event, occurrence, or condition described in Section 3 hereof.

8. **Set-Off and Waiver.** Each Subsidiary Guarantor waives any right to assert against any Secured Party as a defense, counterclaim, set-off, recoupment or cross claim in respect of its Subsidiary Guarantor's Obligations, any defense (legal or equitable) or other claim which such Subsidiary Guarantor may now or at any time hereafter have against any Borrower or any other Loan Party or any or all of the Secured Parties without waiving any additional defenses, set-offs, counterclaims or other claims otherwise available to such Subsidiary Guarantor. Each Subsidiary Guarantor agrees that each Secured Party shall have a lien for all the Subsidiary Guarantor's Obligations upon all deposits or deposit accounts, of any kind, or any interest in any deposits or deposit accounts, now or hereafter pledged, mortgaged, transferred or assigned to such Secured Party or otherwise in the possession or control of such Secured Party for any purpose (other than solely for safekeeping) for the account or benefit of such Subsidiary Guarantor, including any balance of any deposit account or of any credit of such Subsidiary Guarantor with the Secured Party, whether now existing or hereafter established, and hereby authorizes each Secured Party from and after the occurrence of an Event of Default at any time or times with or without prior notice to apply such balances or any part thereof to such of the Subsidiary Guarantor's Obligations to the Secured Parties then due and in such amounts as provided for in the Credit Agreement or otherwise as they may elect. For the purposes of this Section 8, all remittances and property shall be deemed to be in the possession of a Secured Party as soon as the same may be put in transit to it by mail or carrier or by other bailee.

9. Waiver of Notice; Subrogation.

(a) Each Subsidiary Guarantor hereby waives to the extent permitted by law notice of the following events or occurrences: (i) acceptance of this Subsidiary Guaranty Agreement; (ii) the Secured Parties heretofore, now or from time to time hereafter making Loans and issuing Letters of Credit and otherwise loaning monies or giving or extending credit to or for the benefit of any Borrower or any other Loan Party, or otherwise entering into arrangements with any Loan Party giving rise to Guaranteed Liabilities, whether pursuant to the Credit Agreement or the Notes or any other Loan Document or Related Agreement or any amendments, modifications, or supplements thereto, or replacements or extensions thereof; (iii) presentment, demand, default, non-payment, partial payment and protest; and (iv) any other event, condition, or occurrence described in Section 3 hereof. Each Subsidiary Guarantor agrees that each Secured Party may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as each Secured Party, in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing such Subsidiary Guarantor from its Subsidiary Guarantor's Obligations, and each Subsidiary Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) Each Subsidiary Guarantor hereby agrees that payment or performance by such Subsidiary Guarantor of its Subsidiary Guarantor's Obligations under this Subsidiary Guaranty Agreement may be enforced by the Administrative Agent on behalf of the Secured Parties upon demand by the Administrative Agent to such Subsidiary Guarantor without the Administrative Agent being required, such Subsidiary Guarantor expressly waiving to the extent permitted by law any right it may have to require the Administrative Agent, to (i) prosecute collection or seek to enforce or resort to any remedies against any Borrower or any other Subsidiary Guarantor or any other guarantor of the Guaranteed Liabilities, or (ii) seek to enforce or resort to any remedies with respect to any security interests, Liens or encumbrances granted to the Administrative Agent or any Lender or other party to a Related Agreement by any Borrower, any other Subsidiary Guarantor or any other Person on account of the Guaranteed Liabilities or any guaranty thereof, **IT BEING EXPRESSLY UNDERSTOOD, ACKNOWLEDGED AND AGREED TO BY SUCH SUBSIDIARY GUARANTOR THAT DEMAND UNDER THIS SUBSIDIARY GUARANTY AGREEMENT MAY BE MADE BY THE ADMINISTRATIVE AGENT, AND THE PROVISIONS HEREOF ENFORCED BY THE ADMINISTRATIVE AGENT, EFFECTIVE AS OF THE FIRST DATE ANY EVENT OF DEFAULT OCCURS AND IS CONTINUING UNDER THE CREDIT AGREEMENT.**

(c) Each Subsidiary Guarantor further agrees that with respect to this Subsidiary Guaranty Agreement, such Subsidiary Guarantor shall not exercise any of its rights of subrogation, reimbursement, contribution, indemnity or recourse to security for the Guaranteed Liabilities until 93 days immediately following the Facility Termination Date or such other period as may be agreed to in writing by the Administrative Agent shall have elapsed without the filing or commencement, by or against any Loan Party, of any state or federal action, suit, petition or proceeding seeking any reorganization, liquidation or other relief or arrangement in respect of creditors of, or the appointment of a receiver, liquidator, trustee or conservator in respect to, such Loan Party or its assets. If an amount shall be paid to any Subsidiary Guarantor on account of such rights at any time prior to termination of this Subsidiary Guaranty Agreement in accordance with the provisions of Section 22 hereof, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent, for the benefit of the Secured Parties, to be credited and applied upon the Subsidiary Guarantors' Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement or otherwise as the Secured Parties may elect. The agreements in this subsection shall survive repayment of all of the Subsidiary Guarantors' Obligations, the termination or expiration of this Subsidiary Guaranty Agreement in any manner, including but not limited to termination in accordance with Section 22 hereof, and occurrence of the Facility Termination Date.

10. Effectiveness; Enforceability. This Subsidiary Guaranty Agreement shall be effective as of the date first above written and shall continue in full force and effect until termination in accordance with Section 22 hereof. Any claim or claims that the Secured Parties may at any time hereafter have against a Subsidiary Guarantor under this Subsidiary Guaranty Agreement may be asserted by the Administrative Agent on behalf of the Secured Parties by written notice directed to such Subsidiary Guarantor in accordance with Section 24 hereof.

11. Representations and Warranties. Each Subsidiary Guarantor warrants and represents to the Administrative Agent, for the benefit of the Secured Parties, that (a) it is duly authorized to execute and deliver this Subsidiary Guaranty Agreement (or the Subsidiary Guaranty Joinder Agreement to which it is a party, as applicable), and to perform its obligations under this Subsidiary Guaranty Agreement; (b) this Subsidiary Guaranty Agreement (or the Subsidiary Guaranty Joinder Agreement to which it is a party, as applicable) has been duly executed and delivered on behalf of such Subsidiary Guarantor by its duly authorized representatives; (c) this Subsidiary Guaranty Agreement (and any Subsidiary Guaranty Joinder Agreement to which such Subsidiary Guarantor is a party) is legal, valid, binding and enforceable against such Subsidiary Guarantor in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and (d) such Subsidiary Guarantor's execution, delivery and performance of this Subsidiary Guaranty Agreement (and any Subsidiary Guaranty Joinder Agreement to which such Subsidiary Guarantor is a party) do not violate or constitute a breach of (i) any of its Organization Documents, (ii) any agreement or instrument to which such Subsidiary Guarantor is a party, or (iii) any Law to which it or its properties or operations is subject, except in each case referred to in clause (d)(ii) or (d)(iii) to the extent that could not reasonably be expected to have a Material Adverse Effect.

12. Expenses and Indemnity. Each Subsidiary Guarantor agrees to be jointly and severally liable for the payment of all reasonable and documented fees and expenses, including Attorneys' Costs (but limited to the fees, charges and disbursements of one counsel and one local counsel and one applicable regulatory counsel in each relevant jurisdiction for the Administrative Agent and one counsel and one local counsel and one applicable regulatory counsel in each relevant jurisdiction for the other Secured Parties (and, in the case of a conflict of interest, one additional counsel to all such affected Secured Parties similarly situated, taken as a whole)), incurred by any Secured Party in connection with the enforcement of this Subsidiary Guaranty Agreement, whether or not suit be brought. Without limitation of any other

obligations of any Subsidiary Guarantor or remedies of the Administrative Agent or any Secured Party under this Subsidiary Guaranty Agreement, each Subsidiary Guarantor shall, to the fullest extent permitted by Law, indemnify, defend and save and hold harmless the Administrative Agent and each Secured Party from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including Attorneys' Costs) that may be suffered or incurred by the Administrative Agent or such Secured Party in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of any Borrower or any applicable Loan Party enforceable against any Borrower or such applicable Loan Party in accordance with their terms; provided that such indemnity shall not, as to any indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such indemnitee, (y) result from a claim brought by any Borrower or any other Loan Party against an indemnitee for breach in bad faith of such indemnitee's obligations hereunder or under any other Loan Document, if such Borrower or such other Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) arise out of, or in connection with, any proceeding that does not involve an act or omission by a Borrower or any of its Affiliates that is brought by an indemnitee against any other indemnitee (other than any proceeding against any indemnitee in its capacity or fulfilling its role as the Administrative Agent, an Arranger, the L/C Issuer or any similar role); provided further that the reimbursement of fees, charges and disbursements of counsel shall be limited to one counsel and one local counsel and one applicable regulatory counsel in each relevant jurisdiction for the Administrative Agent and one counsel and one local counsel and one applicable regulatory counsel in each relevant jurisdiction for the other indemnitees (and, in the case of a conflict of interest, one additional counsel to all such affected indemnitees similarly situated, taken as a whole). The obligations of each Subsidiary Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Subsidiary Guaranty Agreement.

13. Reinstatement. Each Subsidiary Guarantor agrees that this Subsidiary Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by any Secured Party in respect of any Guaranteed Liabilities is rescinded or must be restored for any reason, or is repaid by any Secured Party in whole or in part in good faith settlement of any pending or threatened avoidance claim.

14. Attorney-in-Fact. To the extent permitted by law, each Subsidiary Guarantor hereby appoints the Administrative Agent, for the benefit of the Secured Parties, as such Subsidiary Guarantor's attorney-in-fact for the purposes of carrying out the provisions of this Subsidiary Guaranty Agreement and taking any action and executing any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is coupled with an interest and is irrevocable; provided that the Administrative Agent shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of an Event of Default.

15. Reliance. Each Subsidiary Guarantor represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, that: (a) such Subsidiary Guarantor has adequate means to obtain on a continuing basis (i) from any Borrower, information concerning the Loan Parties and the Loan Parties' financial condition and affairs and (ii) from other reliable sources, such other information (including books and records), in each case as it deems material in deciding to provide this Subsidiary Guaranty Agreement and any Subsidiary Guaranty Joinder Agreement ("Other Information"); (b) such Subsidiary Guarantor is not relying on any Secured Party or its or their employees, directors, agents or other representatives or Affiliates, to provide any such information, now or in the future; (c) such Subsidiary Guarantor has been furnished with and reviewed the terms of the Credit Agreement and such other Loan Documents and Related Agreements as it has requested, is executing this Subsidiary Guaranty Agreement (or the Subsidiary Guaranty Joinder Agreement to which it is a party, as applicable) freely and deliberately, and understands the obligations and financial risk undertaken by providing this Subsidiary Guaranty Agreement (and any Subsidiary Guaranty Joinder Agreement); (d) such Subsidiary Guarantor has relied solely on the Subsidiary Guarantor's own independent investigation, appraisal and analysis of the Borrowers and the other Loan Parties, such Persons' financial condition and affairs, the Other Information, and such other matters as it deems material in deciding to provide this Subsidiary Guaranty Agreement (and any Subsidiary Guaranty Joinder Agreement) and is fully aware of the same; and (e) such Subsidiary Guarantor has not depended or relied on any Secured Party or its or their employees, directors, agents or other representatives or Affiliates, for any information whatsoever concerning any Borrower or any Borrower's financial condition and affairs or any other matters material to such Subsidiary Guarantor's decision to provide this Subsidiary Guaranty Agreement (and any Subsidiary Guaranty Joinder Agreement), or for any counseling, guidance, or special consideration or any promise therefor with respect to such decision. Each Subsidiary Guarantor agrees that no Secured Party has any duty or responsibility whatsoever, now or in the future, to provide to such Subsidiary Guarantor any information concerning any Borrower or any other Loan Party or such Persons' financial condition and affairs, or any Other Information, other than as expressly provided herein, and that, if such Subsidiary Guarantor receives any such information from any Secured Party or its or their employees, directors, agents or other representatives or Affiliates, such Subsidiary Guarantor will independently verify the information and will not rely on any Secured Party or its or their employees, directors, agents or other representatives or Affiliates, with respect to such information.

16. Rules of Interpretation. The rules of interpretation contained in Section 1.03 of the Credit Agreement shall be applicable to this Subsidiary Guaranty Agreement and each Subsidiary Guaranty Joinder Agreement and are hereby incorporated by reference. All representations and warranties contained herein shall survive the delivery of documents and any extension of credit referred to herein or guaranteed hereby.

17. Entire Agreement. This Subsidiary Guaranty Agreement and each Subsidiary Guaranty Joinder Agreement, together with the Credit Agreement and other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements, understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Except as provided in Sections 22 and 25, neither this Subsidiary Guaranty Agreement nor

any Subsidiary Guaranty Joinder Agreement nor any portion or provision hereof or thereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than as provided in the Credit Agreement.

18. Binding Agreement; Assignment. This Subsidiary Guaranty Agreement, each Subsidiary Guaranty Joinder Agreement and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the parties hereto and thereto, and to their respective heirs, legal representatives, successors and assigns; provided, however, that no Subsidiary Guarantor shall be permitted to assign any of its rights, powers, duties or obligations under this Subsidiary Guaranty Agreement, any Subsidiary Guaranty Joinder Agreement or any other interest herein or therein except as expressly permitted herein or in the Credit Agreement. Without limiting the generality of the foregoing sentence of this Section 18, any Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under the Credit Agreement (to the extent permitted by the Credit Agreement); and to the extent of any such assignment or participation such other Person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject however, to the provisions of the Credit Agreement, including Article IX thereof (concerning the Administrative Agent) and Section 10.06 thereof concerning assignments and participations. All references herein to the Administrative Agent shall include any successor thereof.

19. Secured Cash Management Agreements, Secured Hedging Agreements and Secured Permitted Standalone Letters of Credit. No Secured Party (other than the Administrative Agent) that obtains the benefit of this Subsidiary Guaranty Agreement shall have any right to notice of any action or to consent to, direct or object to any action hereunder (including the release, impairment or modification of any Subsidiary Guarantors' Obligations or security therefor) other than in its capacity as a Lender or the L/C Issuer and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Subsidiary Guaranty Agreement to the contrary, the Administrative Agent shall only be required to verify the payment of, or that other satisfactory arrangement have been made with respect to, the Secured Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements or Secured Permitted Standalone Letters of Credit to the extent the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as it may request, from the applicable Cash Management Bank, Hedge Bank or PSLOC Bank, as the case may be. Each Secured Party not a party to the Credit Agreement that obtains the benefit of this Subsidiary Guaranty Agreement shall be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of the Credit Agreement, and that with respect to the actions and omissions of the Administrative Agent hereunder or otherwise relating hereto that do or may affect such Secured Party, the Administrative Agent and each of its Related Parties shall be entitled to all the rights, benefits and immunities conferred under Article IX of the Credit Agreement.

20. Severability. If any provision of this Subsidiary Guaranty Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Subsidiary Guaranty Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

21. Counterparts. This Subsidiary Guaranty Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Subsidiary Guaranty Agreement to produce or account for more than one such counterpart executed by the Subsidiary Guarantors against whom enforcement is sought. Without limiting the foregoing provisions of this Section 21, the provisions of Section 10.10 of the Credit Agreement shall be applicable to this Subsidiary Guaranty Agreement.

22. Termination. Subject to reinstatement pursuant to Section 13 hereof, this Subsidiary Guaranty Agreement and each Subsidiary Guaranty Joinder Agreement, and all of the Subsidiary Guarantors' Obligations hereunder (excluding those Subsidiary Guarantors' obligations relating to Guaranteed Liabilities that expressly survive such termination) shall terminate on the Facility Termination Date.

23. Remedies Cumulative; Late Payments. All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of the Administrative Agent or any other Secured Party provided by law or under the Credit Agreement, the other Loan Documents or other applicable agreements or instruments. The making of the Loans and other credit extensions pursuant to the Credit Agreement and other Related Agreements shall be conclusively presumed to have been made or extended, respectively, in reliance upon each Subsidiary Guarantor's guaranty of the Guaranteed Liabilities pursuant to the terms hereof. Any amounts not paid when due under this Subsidiary Guaranty Agreement shall, upon the request of the Required Lenders, bear interest at the Default Rate.

24. Notices. Any notice required or permitted hereunder or under any Subsidiary Guaranty Joinder Agreement shall be given, (a) with respect to each Subsidiary Guarantor, at the address of the Company indicated in Schedule 10.02 of the Credit Agreement and (b) with respect to the Administrative Agent or any other Secured Party, at the Administrative Agent's address indicated in Schedule 10.02 of the Credit Agreement. All such addresses may be modified, and all such notices shall be given and shall be effective, as provided in Section 10.02 of the Credit Agreement for the giving and effectiveness of notices and modifications of addresses thereunder.

25. Joinder. Each Person that shall at any time execute and deliver to the Administrative Agent a Subsidiary Guaranty Joinder Agreement substantially in the form attached as Exhibit A hereto shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Subsidiary Guarantor, and all references herein and in the other Loan Documents to the Subsidiary Guarantors or to the parties to this Subsidiary Guaranty Agreement shall be deemed to include such Person as a Subsidiary Guarantor hereunder.

26. Governing Law; Jurisdiction; Etc.

(a) THIS SUBSIDIARY GUARANTY AGREEMENT AND EACH SUBSIDIARY GUARANTY JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT AGAINST ANY SUBSIDIARY GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 24. NOTHING IN THIS SUBSIDIARY GUARANTY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

27. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SUBSIDIARY GUARANTY AGREEMENT OR ANY SUBSIDIARY GUARANTY JOINDER AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

28. Keepwell. Each Subsidiary Guarantor that is a Qualified ECP Guarantor at the time this Subsidiary Guaranty Agreement or the grant of the security interest under the Loan Documents, in each case, by any Specified Loan Party, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents (including this Subsidiary Guaranty Agreement) in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Subsidiary Guarantor's obligations and undertakings under this Section voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Subsidiary Guarantor that is a Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Subsidiary Guarantor that is a Qualified ECP Guarantor intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Second Amended and Restated Subsidiary Guaranty Agreement as of the day and year first written above.

GUARANTORS

Bottom Line Services, LLC

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Investor Manager

**EC SOURCE Services, LLC
MasTec Network Solutions, LLC
T&D Power, Inc.**

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Executive Vice President

EC SOURCE Aviation, LLC

By: EC Source Services, LLC, the Sole Member

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Executive Vice President

**Energy Erectors, Inc.
Energy Environmental Group, Inc.
MasTec ETS Service Company, LLC
MasTec Network Solutions, Inc.
MasTec Residential Services, LLC
MP Drilling Holdings, LLC
POWER PARTNERS MASTEC, INC.
Power Partners MasTec, LLC
Three Phase Acquisition Corp.
Three Phase Line Construction, Inc.
Wanzek Construction, Inc.
WesTower Communications, LLC**

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: President

GO GREEN Services, LLC

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Initial Manager

Precision Acquisition, LLC

By: MasTec, Inc., the Sole Member

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Chief Operating Officer

MasTec POWER CORP.
MasTec Renewables Construction Company, Inc.
Pretec Directional Drilling, LLC
Pumpco, Inc.

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Vice President

Precision Pipeline LLC
Precision Transport Company, LLC

By: /s/ Steve Rooney
Name: Steve Rooney
Title: President

MasTec Wireless Services, LLC

By: /s/ George Pita
Name: George Pita
Title: Executive Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative
Agent

By: /s/ Angela Larkin
Name: Angela Larkin
Title: Assistant Vice President

EXHIBIT A**FORM OF SUBSIDIARY GUARANTY JOINDER AGREEMENT**

THIS SUBSIDIARY GUARANTY JOINDER AGREEMENT dated as of _____, 20____ (this "Subsidiary Guaranty Joinder Agreement"), is made by _____, a _____ (the "Joining Subsidiary Guarantor"), in favor of **BANK OF AMERICA, N.A.**, in its capacity as Administrative Agent (the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referenced below; all capitalized terms used but not defined herein shall have the meanings provided therefor in such Credit Agreement).

RECITALS:

A. Mastec, Inc., a Florida corporation (the "Company"), Mastec North America, Inc., a Florida corporation (together with the Company, collectively, the "Borrowers") and each individually a "Borrower"), the lenders party thereto and the Administrative Agent are party to that certain Fourth Amended and Restated Credit Agreement dated as of February 22, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. Certain Subsidiaries of the Company and the Administrative Agent are party to that certain Second Amended and Restated Subsidiary Guaranty Agreement dated as of February 22, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Subsidiary Guaranty Agreement").

C. The Joining Subsidiary Guarantor is a Subsidiary of the Company and is required by the terms of the Credit Agreement to be joined as a party to the Subsidiary Guaranty Agreement as a Subsidiary Guarantor (as defined in the Subsidiary Guaranty Agreement).

D. The Joining Subsidiary Guarantor will materially benefit directly and indirectly from the making and maintenance of the extensions of credit made from time to time under the Credit Agreement, Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit.

In order to induce the Secured Parties to from time to time make and maintain extensions of credit under the Credit Agreement, Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit, the Joining Subsidiary Guarantor hereby agrees as follows:

1. **Joinder.** The Joining Subsidiary Guarantor hereby irrevocably, absolutely and unconditionally becomes a party to the Subsidiary Guaranty Agreement as a Subsidiary Guarantor and bound by all the terms, conditions, obligations, liabilities and undertakings of each Subsidiary Guarantor or to which each Subsidiary Guarantor is subject thereunder, including without limitation the joint and several, unconditional, absolute, continuing and irrevocable guarantee to the Administrative Agent for the benefit of the Secured Parties of the payment and performance in full of the Guaranteed Liabilities (as defined in the Subsidiary Guaranty Agreement) whether now existing or hereafter arising, all with the same force and effect as if the Joining Subsidiary Guarantor were a signatory to the Subsidiary Guaranty Agreement.

2. **Affirmations.** The Joining Subsidiary Guarantor hereby acknowledges and reaffirms as of the date hereof with respect to itself, its properties and its affairs each of the waivers, representations, warranties, acknowledgements and certifications applicable to any Subsidiary Guarantor contained in the Subsidiary Guaranty Agreement.

3. **Severability.** If any provision of this Subsidiary Guaranty Joinder Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Subsidiary Guaranty Joinder Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4. **Counterparts.** This Subsidiary Guaranty Joinder Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Subsidiary Guaranty Joinder Agreement to produce or account for more than one such counterpart executed by the Joining Subsidiary Guarantor. Without limiting the foregoing provisions of this Section 4, the provisions of Section 10.10 of the Credit Agreement shall be applicable to this Subsidiary Guaranty Joinder Agreement.

5. **Delivery.** The Joining Subsidiary Guarantor hereby irrevocably waives notice of acceptance of this Subsidiary Guaranty Joinder Agreement and acknowledges that the Guaranteed Liabilities are and shall be deemed to be incurred, and credit extensions under the Loan Documents, Secured Cash Management Agreements and Secured Hedge Agreements made and maintained, in reliance on this Subsidiary Guaranty Joinder Agreement and the Joining Subsidiary Guarantor's joinder as a party to the Subsidiary Guaranty Agreement as herein provided.

6. **Governing Law; Jurisdiction; Waiver of Jury Trial; Etc.** The provisions of Sections 26 and 27 of the Subsidiary Guaranty Agreement are hereby incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the Joining Subsidiary Guarantor has duly executed and delivered this Subsidiary Guaranty Joinder Agreement as of the day and year first written above.

JOINING SUBSIDIARY GUARANTOR:

By: _____

Name: _____

Title: _____

**AMENDED AND RESTATED
SECURITY AGREEMENT**

THIS AMENDED AND RESTATED SECURITY AGREEMENT dated as of February 22, 2017 (this "Security Agreement") is being entered into by and among **MASTEC, INC.**, a Florida corporation (the "Company" and a "Grantor"), **MASTEC NORTH AMERICA, INC.**, a Florida corporation ("MasTec North America" and a "Grantor"), **EACH OF THE UNDERSIGNED SUBSIDIARIES OF THE COMPANY AND EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A SECURITY JOINDER AGREEMENT** (each a "Grantor" and together with the Company and MasTec North America, collectively, the "Grantors"), and **BANK OF AMERICA, N.A.**, as Administrative Agent (in such capacity, the "Administrative Agent") for each of the Secured Parties (as defined in the Credit Agreement referenced below).

WHEREAS, the Company and MasTec North America, as borrowers, the lenders party thereto (the "Existing Lenders") and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement dated as of August 22, 2011 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), pursuant to which the Existing Lenders agreed to provide a revolving credit facility, a multi-currency revolving credit facility, a letter of credit subfacility and a term loan facility to the Company and its Subsidiaries (as defined therein);

WHEREAS, in connection with the Existing Credit Agreement, the Company and certain of its Subsidiaries and the Administrative Agent entered into that certain Security Agreement dated as of August 22, 2011 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Security Agreement");

WHEREAS, pursuant to that certain Fourth Amended and Restated Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, MasTec North America (MasTec North America together with the Company, collectively, the "Borrowers" and each individually a "Borrower"), the Administrative Agent, Bank of America, N.A., as Swing Line Lender and L/C Issuer, and the lenders now or hereafter party thereto (the "Lenders"), the Borrowers have requested that the Existing Credit Agreement be amended and restated, and the Administrative Agent and the Lenders are willing to so amend and restate the Existing Credit Agreement;

WHEREAS, a material part of the consideration given in connection with and as an inducement to the execution and delivery of the Credit Agreement by the Administrative Agent and the Lenders is the obligation of the Grantors to enter into this Security Agreement, and the Secured Parties are unwilling to extend and maintain the credit facilities provided under the Loan Documents unless the Grantors enter into this Security Agreement;

WHEREAS, certain additional extensions of credit may be made from time to time for the benefit of the Grantors pursuant to certain Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit; and

NOW THEREFORE, in order to induce (a) the Administrative Agent and the Lenders to amend and restate the Existing Credit Agreement and (b) the Secured Parties to from time to time make and maintain extensions of credit under the Credit Agreement and under the Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit, the parties hereto agree that the Existing Security Agreement is hereby amended and restated in this Security Agreement, and this Security Agreement shall constitute neither a release nor novation of any liens and security interests arising under the Existing Security Agreement nor a refinancing of any indebtedness or obligations arising thereunder or under the Existing Credit Agreement or related documents, but rather the liens and security interests in effect under the Existing Security Agreement shall continue in effect on the terms hereof, as follows:

1. Certain Definitions. All capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement. Terms used in this Security Agreement that are not otherwise expressly defined herein or in the Credit Agreement, and for which meanings are provided in the Uniform Commercial Code of the State of New York (the "UCC"), shall have such meanings unless the context requires otherwise. In addition, for purposes of this Security Agreement, the following terms have the following definitions:

"Qualifying Control Agreement" means (a) with respect to Investment Property credited to any securities account, an agreement executed by the applicable securities intermediary and the applicable Grantor, in form and substance reasonably acceptable to the Administrative Agent; (b) with respect to Deposit Accounts or tangible personal property Collateral in the possession, custody or control of any warehouseman or other bailee, an acknowledgment and agreement executed by the depository institution or bailee, as the case may be, and (as to Deposit Accounts) the applicable Grantor, in form and substance reasonably acceptable to the Administrative Agent (provided that no Qualifying Control Agreement shall be required in respect of any Specified Deposit Account); (c) with respect to Letter-of-Credit Rights, an acknowledgment and agreement of the issuer or other applicable person nominated to accept drafts and or effect payment thereunder (the "Issuer") of the related letter of credit in form and substance reasonably acceptable to the Administrative Agent; and (d) with respect to any Investment Property in the form of uncertificated securities, an agreement of the issuer of such Investment Property in form and substance reasonably acceptable to the Administrative Agent sufficient to confer control (within the meaning of Section 9-106 of the UCC) over such property and containing such other terms and provisions as the Administrative Agent may reasonably request.

"Secured Obligations" means (a) as to each Borrower, all of the Obligations, including, the payment and performance of its obligations and liabilities (whether now existing or hereafter arising) (i) under the Credit Agreement and each of the other Loan Documents (including this Security Agreement) to which it is now or hereafter becomes a party, and (ii) under any Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit to which any Loan Party or, with respect to Secured Permitted Standalone Letters of Credit, any Restricted Subsidiary thereof, is now or hereafter becomes a party, and (b) as to each Subsidiary Guarantor, the payment and performance of its obligations and liabilities (whether now existing or hereafter arising) (i) under the Subsidiary Guaranty and each of the other Loan Documents (including this Security Agreement) to which it is now or hereafter becomes a party, and (ii) any Secured Cash Management Agreements, Secured Hedge Agreements and Secured Permitted Standalone Letters of Credit to which it, or, in the case of a Secured Permitted Standalone Letter of Credit, any Restricted Subsidiary thereof, is now or hereafter becomes a party.

"Specified Deposit Account" means (a) Deposit Accounts that are zero balance disbursement accounts, (b) Deposit Accounts used solely to fund payroll, payroll taxes and similar employment taxes or employee benefits in the ordinary course of business, (c) any Deposit Account, the balance of which is transferred at the end of each Business Day to a Deposit Account that is subject to the Administrative Agent's control (as defined in Section 9-104 of the UCC) and (d) other Deposit Accounts with an amount on deposit of less than \$1,000,000 at any time with respect to any particular Deposit Account and less than \$2,500,000 at any time in the aggregate for all such Deposit Accounts.

2. **Grant of Security Interest.** Each Grantor grants as collateral security for the payment, performance and satisfaction of the Secured Obligations, to the Administrative Agent for the benefit of the Secured Parties a continuing first priority security interest (subject only to Permitted Liens) in and to, and collaterally assigns to the Administrative Agent for the benefit of the Secured Parties, all of the assets of such Grantor or in which such Grantor has or may have or acquire an interest or the power to transfer rights therein, whether now owned or existing or hereafter created, acquired or arising and wheresoever located, including the following:

(a) All accounts, including accounts receivable, contracts, bills, acceptances, choses in action, and other forms of monetary obligations at any time owing to such Grantor arising out of property sold, leased, licensed, assigned or otherwise disposed of or for services rendered or to be rendered by such Grantor, and all of such Grantor's rights with respect to any property represented thereby, whether or not delivered, property returned by customers and all rights as an unpaid vendor or lienor, including rights of stoppage in transit and of recovering possession by proceedings including replevin and reclamation (collectively referred to hereinafter as "Accounts");

(b) All inventory, including all goods manufactured or acquired for sale or lease, and any piece goods, raw materials, work in process and finished merchandise, component materials, and all supplies, goods, incidentals, office supplies, packaging materials and any and all items used or consumed in the operation of the business of such Grantor or which may contribute to the finished product or to the sale, promotion and shipment thereof, in which such Grantor now or at any time hereafter may have an interest, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of such Grantor or is held by such Grantor or by others for such Grantor's account (collectively referred to hereinafter as "Inventory");

(c) All goods, including all machinery, equipment, motor vehicles, parts, supplies, apparatus, appliances, tools, patterns, molds, dies, blueprints, fittings, furniture, furnishings, fixtures and articles of tangible personal property of every description, and all computer programs embedded in any of the foregoing and all supporting information relating to such computer programs (collectively referred to hereinafter as "Equipment");

(d) All general intangibles, including all rights now or hereafter accruing to such Grantor under contracts, leases, agreements or other instruments, including all contracts or contract rights to perform or receive services, to purchase or sell goods, or to hold or use land or facilities, and to enforce all rights thereunder, all causes of action, corporate or business records, inventions, patents and patent rights, rights in mask works, designs, trade names and trademarks and all goodwill associated therewith, trade secrets, trade processes, copyrights, licenses, permits, franchises, customer lists, computer programs and software, all internet domain names and registration rights thereto, all internet websites and the content thereof, all payment intangibles, all claims under guaranties, tax refund claims, all rights and claims against carriers and shippers, leases, all claims under insurance policies, all interests in general and limited partnerships, limited liability companies, and other Persons not constituting Investment Property (as defined below), all rights to indemnification and all other intangible personal property and intellectual property of every kind and nature (collectively referred to hereinafter as "General Intangibles") (provided that for the avoidance of doubt the Voting Equity Interests (as defined in the Pledge Agreement) of CFCs and CFC Holdcos which are excluded from the definition of Pledged Collateral (as defined in the Pledge Agreement) pursuant to Section 2(a)(i) of the Pledge Agreement shall not be "General Intangibles");

(e) All deposit accounts, including demand, time, savings, passbook, or other similar accounts maintained with any bank by or for the benefit of such Grantor (collectively referred to hereinafter as "Deposit Accounts");

(f) All chattel paper, including tangible chattel paper, electronic chattel paper, or any hybrid thereof (collectively referred to hereinafter as "Chattel Paper");

(g) All investment property, including all securities, security entitlements, securities accounts, commodity contracts and commodity accounts of or maintained for the benefit of such Grantor, but excluding Pledged Interests subject to the Pledge Agreement (collectively referred to hereinafter as "Investment Property") (provided that for the avoidance of doubt the Voting Equity Interests (as defined in the Pledge Agreement) of CFCs and CFC Holdcos which are excluded from the definition of Pledged Collateral (as defined in the Pledge Agreement) pursuant to Section 2(a)(i) of the Pledge Agreement shall not be "Investment Property");

(h) All instruments, including all promissory notes (collectively referred to hereinafter as "Instruments");

(i) All documents, including warehouse receipts, bills of lading and other documents of title (collectively referred to hereinafter as "Documents");

(j) All rights to payment or performance under letters of credit including rights to proceeds of letters of credit ("Letter-of-Credit Rights"), and all guaranties, endorsements, Liens, other Guarantee obligations or supporting obligations of any Person securing or supporting the payment, performance, value or liquidation of any of the foregoing (collectively, with Letter-of-Credit Rights, referred to hereinafter as "Supporting Obligations");

(k) The commercial tort claims identified on Schedule 9(i) hereto, as such Schedule may be supplemented from time to time in accordance with the terms hereof (collectively referred to hereinafter as "Commercial Tort Claims");

(l) All books and records relating to any of the foregoing (including customer data, credit files, ledgers, computer programs, printouts, and other computer materials and records (and all media on which such data, files, programs, materials and records are or may be stored)); and

(m) All proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation proceeds of insurance policies insuring any of the foregoing.

All of the property and interests in property described in subsections (a) through (m) are herein collectively referred to as the "Collateral." Notwithstanding the foregoing, the grant of a security interest and collateral assignment under this Section 2 shall not extend to, and the term "Collateral" shall not include, any Excluded Asset.

3. Perfection. As of the date of execution of this Security Agreement or Security Joinder Agreement by each Grantor, as applicable (with respect to each Grantor, its "Applicable Date"), such Grantor shall have:

(a) furnished the Administrative Agent with duly authorized financing statements in form, number and substance suitable for filing, sufficient under applicable law, and reasonably satisfactory to the Administrative Agent in order that upon the filing of the same the Administrative Agent, for the benefit of the Secured Parties, shall have a duly perfected security interest in all Collateral in which a security interest can be perfected by the filing of financing statements;

(b) to the extent expressly required by the terms hereof or of the Credit Agreement, or otherwise as the Administrative Agent may reasonably request, furnished the Administrative Agent with properly executed Qualifying Control Agreements, issuer acknowledgments of the Administrative Agent's interest in Letter-of-Credit Rights, and evidence of the placement of a restrictive legend on tangible chattel paper (and the tangible components of electronic Chattel Paper), and taken appropriate action acceptable to the Administrative Agent sufficient to establish the Administrative Agent's control of electronic Chattel Paper (and the electronic components of hybrid Chattel Paper), as appropriate, with respect to Collateral in which either (i) a security interest can be perfected only by control or such restrictive legending, or (ii) a security interest perfected by control or accompanied by such restrictive legending shall have priority as against a lien creditor, a purchaser of such Collateral from the applicable Grantor, or a security interest perfected by Persons not having control or not accompanied by such restrictive legending, in each case in form and substance reasonably acceptable to the Administrative Agent and sufficient under applicable law so that the Administrative Agent, for the benefit of the Secured Parties, shall have a security interest in all such Collateral perfected by control; and

(c) to the extent expressly required by the terms hereof or of the Credit Agreement, or otherwise as the Administrative Agent may request, delivered to the Administrative Agent possession of all Collateral with respect to which either a security interest can be perfected only by possession or a security interest perfected by possession shall have priority as against Persons not having possession, and including in the case of Instruments, Documents, and Investment Property in the form of certificated securities, duly executed endorsements or stock powers in blank, as the case may be, affixed thereto in form and substance reasonably acceptable to the Administrative Agent and sufficient under applicable law so that the Administrative Agent, for the benefit of the Secured Parties, shall have a security interest in all such Collateral perfected by possession;

with the effect that the Liens conferred in favor of the Administrative Agent shall be and remain duly perfected and of first priority subject only, to the extent applicable, to Liens allowed to exist under Section 7.01 of the Credit Agreement ("Permitted Liens"). All financing statements (including all amendments thereto and continuations thereof), control agreements, certificates, acknowledgments, stock powers and other documents, electronic identification, restrictive legends, and instruments furnished in connection with the creation, enforcement, protection, perfection or priority of the Administrative Agent's security interest in Collateral, including such items as are described above in this Section 3, are sometimes referred to herein as "Perfection Documents". The delivery of possession of items of or evidencing Collateral, causing other Persons to execute and deliver Perfection Documents as appropriate, the filing or recordation of Perfection Documents, the establishment of control over items of Collateral, and the taking of such other actions as may be necessary or advisable in the determination of the Administrative Agent to create, enforce, protect, perfect, or establish or maintain the priority of, the security interest of the Administrative Agent for the benefit of the Secured Parties in the Collateral is sometimes referred to herein as "Perfection Action".

Notwithstanding anything to the contrary herein, no Loan Party shall be required to (i) record the Administrative Agent's Lien on the certificate of title with respect to any motor vehicles, trailers, mobile homes, manufactured homes, boats or rolling stock that constitute Collateral to the extent any such Collateral has a fair market value of less than \$250,000, (ii) take any Perfection Action with respect to letter of credit rights or commercial tort claims that constitute Collateral, in either case to the extent any such Collateral is in an individual amount of less than \$1,000,000,

(iii) take any Perfection Action with respect to real property that does not have a fair market value in excess of \$5,000,000, (iv) provide any Collateral constituting indebtedness owing from a CFC, CFC Holdco or Prohibited Subsidiary (to the extent a pledge of its indebtedness is prohibited by applicable Law) or any Collateral with respect to which the grant of a security interest or Lien therein would result in adverse Tax or regulatory consequences to the Company or any Restricted Subsidiary, as determined in good faith by the Company and as described to the Administrative Agent in reasonable detail upon its request or (v) take any Perfection Action respect to any Collateral for which the cost of perfecting security interest in such Collateral exceeds the practical benefit to the Secured Parties as reasonably determined in good faith by the Administrative Agent.

4. Maintenance of Security Interest; Further Assurances.

(a) Each Grantor will from time to time at its own expense, deliver specific assignments of Collateral or such other Perfection Documents, and take such other or additional Perfection Action, as may be required by the terms of the Loan Documents or as the Administrative Agent may reasonably request in connection with the administration or enforcement of this Security Agreement or related to the Collateral or any part thereof in order to carry out the terms of this Security Agreement, to perfect, protect, maintain the priority of or enforce the Administrative Agent's security interest in the Collateral, subject only to Permitted Liens, or otherwise to better assure and confirm unto the Administrative Agent its rights, powers and remedies for the benefit of the Secured Parties hereunder. Without limiting the foregoing, each Grantor hereby irrevocably authorizes the Administrative Agent to file (with, or to the extent permitted by applicable law, without the signature of the Grantor appearing thereon) financing statements (including amendments thereto and initial financing statements in lieu of continuation statements) or other Perfection Documents (including copies thereof) showing such Grantor as "debtor" at such time or times and in all filing offices as the Administrative Agent may from time to time determine to be necessary or advisable to perfect or protect the rights of the Administrative Agent and the Secured Parties hereunder, or otherwise to give effect to the transactions herein contemplated, any of which Perfection Documents, at the Administrative Agent's election, may describe the Collateral as or including all assets of the Grantor. Each Grantor hereby irrevocably ratifies and acknowledges the Administrative Agent's authority to have effected filings of Perfection Documents made by the Administrative Agent prior to its Applicable Date.

(b) With respect to any and all Collateral, each Grantor agrees to do and cause to be done all things necessary to perfect, maintain the priority of and keep in full force the security interest granted in favor of the Administrative Agent for the benefit of the Secured Parties, including, but not limited to, the prompt payment upon demand therefor by the Administrative Agent of all reasonable and documented fees and expenses (including documentary stamp, excise or intangibles taxes but limited, in the case of attorney's fees, to the reasonable and documented fees and expenses of one primary counsel to the Administrative Agent and one local counsel and applicable regulatory counsel in each jurisdiction) incurred in connection with the preparation, delivery, or filing of any Perfection Document or the taking of any Perfection Action to perfect, protect or enforce a security interest in Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, subject only to Permitted Liens. All amounts not so paid when due shall constitute additional Secured Obligations and (in addition to other rights and remedies resulting from such nonpayment) shall, upon the request of the Required Lenders, bear interest from the date of demand until paid in full at the Default Rate.

(c) Each Grantor agrees to maintain among its books and records appropriate notations or evidence of, and to make or cause to be made appropriate disclosure upon its financial statements of, the security interest granted hereunder to the Administrative Agent for the benefit of the Secured Parties.

5. Receipt of Payment. In the event an Event of Default shall occur and be continuing and a Grantor (or any of its Affiliates, subsidiaries, stockholders, directors, officers, employees or agents) shall receive any proceeds of Collateral, including without limitation monies, checks, notes, drafts or any other items of payment, each Grantor shall hold all such items of payment in trust for the Administrative Agent for the benefit of the Secured Parties, and as the property of the Administrative Agent for the benefit of the Secured Parties, separate from the funds and other property of such Grantor, and no later than the fifth Business Day following the receipt thereof, at the election of the Administrative Agent, such Grantor shall cause such Collateral to be forwarded to the Administrative Agent for its custody, possession and disposition on behalf of the Secured Parties in accordance with the terms hereof and of the other Loan Documents.

6. Preservation and Protection of Collateral.

(a) The Administrative Agent shall be under no duty or liability with respect to the collection, protection or preservation of the Collateral, or otherwise. Each Grantor shall be responsible for the safekeeping of its Collateral, and in no event shall the Administrative Agent have any responsibility for (i) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause, (ii) any diminution in the value thereof, or (iii) any act or default of any carrier, warehouseman, bailee or forwarding agency thereof or other Person in any way dealing with or handling such Collateral.

(b) Each Grantor shall keep and maintain its tangible personal property Collateral to the extent required under Section 6.06 of the Credit Agreement.

(c) Each Grantor agrees (i) to pay when due all taxes, charges and assessments against the Collateral in which it has any interest, unless being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves have been established in accordance with GAAP applied on a basis consistent with the application of GAAP in the Audited Financial Statements, and (ii) to cause to be terminated and released all Liens (other than Permitted Liens) on the Collateral. Upon the failure of any Grantor to so pay or contest such taxes, charges, or assessments, or cause such Liens to be terminated, the Administrative Agent at its option may pay or contest any of them or amounts relating thereto (the Administrative Agent having the sole right to determine the legality or validity and the amount necessary to discharge

such taxes, charges, Liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Administrative Agent, including all fees and expenses of counsel (to the extent such fees and expenses are required to be reimbursed or paid by the Borrowers under the Credit Agreement) (collectively, "Attorneys' Costs"), court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Administrative Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.

7. **Status of Grantors and Collateral Generally.** Each Grantor represents and warrants to, and covenants with, the Administrative Agent for the benefit of the Secured Parties, with respect to itself and the Collateral as to which it has or acquires any interest, that:

(a) It is at its Applicable Date (or as to Collateral acquired after its Applicable Date will be upon the acquisition of the same) and, except as permitted by the Credit Agreement and subsection (b) of this Section 7, will continue to be, the owner of the Collateral, free and clear of all Liens, other than the security interest hereunder in favor of the Administrative Agent for the benefit of the Secured Parties and Permitted Liens, and that it will at its own cost and expense defend such Collateral and any products and proceeds thereof against all claims and demands of all Persons (other than holders of Permitted Liens) to the extent of their claims permitted under the Credit Agreement at any time claiming the same or any interest therein adverse to the Secured Parties. Upon the failure of any Grantor to so defend, the Administrative Agent may do so at its option but shall not have any obligation to do so. All sums so disbursed by the Administrative Agent, including reasonable Attorneys' Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Administrative Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall, upon the request of the Required Lenders, bear interest from the date of demand until paid in full at the Default Rate.

(b) It shall not (i) sell, assign, transfer, lease, license or otherwise dispose of any of, or grant any option with respect to, the Collateral, except as permitted under the Credit Agreement or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral except for the security interests created by this Security Agreement and Permitted Liens.

(c) It has full power, legal right and lawful authority to enter into this Security Agreement (and any Security Joinder Agreement applicable to it) and to perform its terms, including the grant of the security interests in the Collateral herein provided for.

(d) No authorization, consent, approval or other action by, and no notice to or filing with, any Governmental Authority or any other Person which has not been given or obtained, as the case may be, is required either (i) for the grant by such Grantor of the security interests granted hereby or for the execution, delivery or performance of this Security Agreement (or any Security Joinder Agreement) by such Grantor, or (ii) for the perfection of or the exercise by the Administrative Agent, on behalf of the Secured Parties, of its rights and remedies hereunder, except for action required by the Uniform Commercial Code to perfect and exercise remedies with respect to the security interest conferred hereunder.

(e) No effective financing statement or other Perfection Document similar in effect, nor any other Perfection Action, covering all or any part of the Collateral purported to be granted or taken by or on behalf of such Grantor (or by or on behalf of any other Person and which remains effective as against all or any part of the Collateral) has been filed in any recording office, delivered to another Person for filing (whether upon the occurrence of a contingency or otherwise), or otherwise taken, as the case may be, except such as pertain to Permitted Liens and such as may have been filed for the benefit of, delivered to, or taken in favor of, the Administrative Agent for the benefit of the Secured Parties in connection with the security interests conferred hereunder.

(f) Schedule 7(f) attached hereto contains true and complete information as to each of the following: (i) the exact legal name of each Grantor as it appears in its Organization Documents as of its Applicable Date and at any time during the five (5) year period ending as of its Applicable Date (the "Covered Period"), (ii) the jurisdiction of formation and form of organization of each Grantor, and the identification number of such Grantor in its jurisdiction of formation (if any) as of its Applicable Date and at any time during the Covered Period, (iii) each address of the chief executive office of each Grantor as of its Applicable Date and at any time during the Covered Period, (iv) all trade names or trade styles used by such Grantor as of its Applicable Date and at any time during the Covered Period, (v) the address of each owned or leased location of such Grantor at which any tangible personal property Collateral (including Account Records and Account Documents) having a value exceeding \$500,000 is located at its Applicable Date or has been located at any time during the Covered Period, and (vi) with respect to each location described in clause (v) that is leased by such Grantor, the name of the landlord thereof. No Grantor shall change its name, change its jurisdiction of formation (whether by reincorporation, merger or otherwise), change the location of its chief executive office, or utilize any additional location where Account Records and Account Documents may be located, except in each case upon giving not less than thirty (30) days' (or such other period as may be agreed to by the Administrative Agent) prior written notice to the Administrative Agent and taking or causing to be taken at such Grantor's expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Administrative Agent to perfect or protect, or maintain the perfection and priority of, the Lien of the Administrative Agent for the benefit of the Secured Parties in Collateral contemplated hereunder.

(g) No Grantor shall cause, suffer or permit any of the tangible personal property Collateral to be evidenced by any document of title (except for shipping documents as necessary or customary to effect the receipt of raw materials or components or the delivery of inventory to customers, in each case in the ordinary course of business) (other than Inventory or Equipment in transit, Inventory or Equipment located at customer locations in connection with completion of customer contracts in the ordinary course of business, Inventory having a value of less than \$500,000 in the aggregate for any single location, or Equipment having a value of less than \$500,000 in the aggregate for any single location).

(h) No Account Records and Account Documents is or shall be located at any location that is leased by such Grantor from any other Person, unless (x) such location and lessor is set forth on Schedule 7(f) attached hereto or such Grantor provides not less than thirty (30) days' prior written notice thereof to the Administrative Agent, (y) to the extent requested by the Administrative Agent, such lessor acknowledges the Lien in favor of the Administrative Agent for the benefit of the Secured Parties conferred hereunder and waives its statutory and consensual liens and rights with respect to such Collateral in form and substance acceptable to the Administrative Agent and delivered in writing to the Administrative Agent prior to any Collateral being located at any such location, and (z) the Grantor shall have caused at its expense to be prepared and executed such additional Perfection Documents and to be taken such other Perfection Action as the Administrative Agent may deem necessary or advisable to carry out the transactions contemplated by this Security Agreement.

8. Inspection. The Administrative Agent (by any of its officers, employees and agents), on behalf of the Secured Parties, shall have the right upon prior notice to an executive officer of any Grantor, and at any reasonable times during such Grantor's usual business hours, to inspect the Collateral, all records related thereto (and to make extracts or copies from such records), and the premises upon which any of the Collateral is located, to discuss such Grantor's affairs and finances with any Person (other than Persons obligated on any Accounts ("Account Debtors") except as expressly otherwise permitted in the Loan Documents) and to verify with any Person other than (except as expressly otherwise permitted in the Loan Documents) Account Debtors the amount, quality, quantity, value and condition of, or any other matter relating to, the Collateral and, if an Event of Default has occurred and is continuing, to discuss such Grantor's affairs and finances with such Grantor's Account Debtors and to verify the amount, quality, value and condition of, or any other matter relating to, the Collateral with such Account Debtors.

9. Specific Collateral.

(a) **Accounts.** With respect to its Accounts whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that all records of its Accounts ("Account Records") and copies of proof of delivery and other documents relating to its Accounts so scheduled, including without limitation repayment histories and present status reports (collectively, "Account Documents") are and shall at all times be located only at such Grantor's current chief executive office as set forth on Schedule 7(f) attached hereto, such other locations as are specifically identified on Schedule 7(f) attached hereto or as to which the Grantor has complied with Section 7(h) hereof.

(b) **Inventory.** With respect to its Inventory now existing and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that all Inventory, other than Inventory in transit, Inventory located at customer locations in connection with completion of customer contracts in the ordinary course of business and Inventory having a value of less than \$500,000 in the aggregate for any single location, is as of its Applicable Date located only at such Grantor's locations as set forth on Schedule 7(f) attached hereto.

(c) **Equipment.** With respect to its Equipment now existing and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) The Grantors, as soon as reasonably practicable following a request therefor by the Administrative Agent, shall deliver to the Administrative Agent any and all evidence of ownership of any of the Equipment exceeding \$25,000 in value (including without limitation certificates of title and applications for title).

(ii) All Equipment, other than Equipment in transit, Equipment located at customer locations in connection with completion of customer contracts in the ordinary course of business and Equipment having a value of less than \$250,000 in the aggregate for any single location, is as of its Applicable Date located only at such Grantor's locations as set forth on Schedule 7(f) attached hereto.

(d) **Supporting Obligations.** With respect to its Supporting Obligations whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) Each Grantor shall upon the request of the Administrative Agent from time to time following the occurrence and during the continuance of any Default or Event of Default, deliver to the Administrative Agent the originals of all documents evidencing or constituting Supporting Obligations, together with such other documentation (executed as appropriate by the Grantor) and information as may be necessary to enable the Administrative Agent to realize upon the Supporting Obligations in accordance with their respective terms or transfer the Supporting Obligations as may be permitted under the Loan Documents or by applicable law.

(ii) With respect to each letter of credit giving rise to Letter-of-Credit Rights that has an aggregate stated amount available to be drawn in excess of \$1,000,000, each Grantor shall, at the request of the Administrative Agent cause the issuer thereof to execute and deliver to the Administrative Agent a Qualifying Control Agreement.

(iii) With respect to each transferable letter of credit giving rise to Letter-of-Credit Rights that has an aggregate stated amount available to be drawn in excess of \$1,000,000, each Grantor shall, at the Administrative Agent's request upon and during the continuance of any Default or Event of Default, deliver to the Administrative Agent a duly executed, undated transfer form in blank sufficient in form and substance under the terms of the related letter of credit to effect, upon completion and delivery to the letter of credit issuer together with any required fee, the transfer of such letter of credit to the transferee identified in such form. Each Grantor hereby expressly authorizes the Administrative Agent following the occurrence and during the continuance of any Event of Default

to complete and tender each such transfer form as transferor in its own name or in the name, place and stead of the Grantor in order to effect any such transfer, either to the Administrative Agent or to another transferee, as the case may be, in connection with any sale or other disposition of Collateral or for any other purpose permitted under the Loan Documents or by applicable law.

(e) **Investment Property.** With respect to its Investment Property whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) Schedule 9(e) attached hereto contains a true and complete description of (x) the name and address of each securities intermediary with which such Grantor maintains a securities account in which Investment Property is or may at any time be credited or maintained, and (y) all other Investment Property of such Grantor.

(ii) Except with the express prior written consent of the Administrative Agent in each instance, all Investment Property shall be maintained at all times in the form of (a) certificated securities, which certificates shall have been delivered to the Administrative Agent together with duly executed undated stock powers endorsed in blank pertaining thereto, or (b) security entitlements credited to one or more securities accounts as to each of which the Administrative Agent has received (1) copies of the account agreement between the applicable securities intermediary and the Grantor and the most recent statement of account pertaining to such securities account (each certified to be true and correct by an officer of the Grantor) and (2) a Qualifying Control Agreement from the applicable securities intermediary which remains in full force and effect and as to which the Administrative Agent has not received any notice of termination. Without limiting the generality of the foregoing, no Grantor shall cause, suffer or permit any Investment Property to be credited to or maintained in any securities account not listed on Schedule 9(e) attached hereto except in each case upon giving not less than twenty (20) days' (or such other period as may be agreed to by the Administrative Agent) prior written notice to the Administrative Agent and taking or causing to be taken at such Grantor's expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Administrative Agent to perfect or protect, or maintain the perfection and priority of, the Lien of the Administrative Agent for the benefit of the Secured Parties in Collateral contemplated hereunder.

(iii) All dividends and other distributions with respect to any of the Investment Property shall be subject to the security interest conferred hereunder.

(iv) So long as no Event of Default shall have occurred and be continuing, the registration of Investment Property in the name of a Grantor as record and beneficial owner shall not be changed and such Grantor shall be entitled to exercise all voting and other rights and powers pertaining to Investment Property for all purposes not inconsistent with the terms hereof or of any Qualifying Control Agreement relating thereto.

(v) Upon the occurrence and during the continuance of any Event of Default, at the option of the Administrative Agent, all rights of the Grantors to exercise the voting or consensual rights and powers which it is authorized to exercise pursuant to clause (iv) immediately above shall cease and the Administrative Agent may thereupon (but shall not be obligated to), at its request, cause such Collateral to be registered in the name of the Administrative Agent or its nominee or agent for the benefit of the Secured Parties and/or exercise such voting or consensual rights and powers as appertain to ownership of such Collateral, and to that end each Grantor hereby appoints the Administrative Agent as its proxy, with full power of substitution, to vote and exercise all other rights as a shareholder with respect to such Investment Property upon the occurrence and during the continuance of any Default or Event of Default, which proxy is coupled with an interest and is irrevocable until the Facility Termination Date, and each Grantor hereby agrees to provide such further proxies as the Administrative Agent may request; provided, however, that the Administrative Agent in its discretion may from time to time refrain from exercising, and shall not be obligated to exercise, any such voting or consensual rights or such proxy.

(f) **Deposit Accounts.** With respect to its Deposit Accounts whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) Schedule 9(f) attached hereto contains the name and address of each depository institution with which such Grantor maintains a Deposit Account.

(ii) Except with the express prior written consent of the Administrative Agent in each instance, all Deposit Accounts shall be maintained at all times with depository institutions as to which the Administrative Agent shall have received a Qualifying Control Agreement (other than Deposit Accounts maintained with Bank of America or the Specified Deposit Accounts). Without limiting the generality of the foregoing, no Grantor shall cause, suffer or permit (x) any deposit to be evidenced by a certificate of deposit unless such certificate of deposit is a negotiable instrument and promptly upon receipt thereof such certificate shall have been delivered to the Administrative Agent, together with a duly executed undated assignment in blank affixed thereto, or (y) any Deposit Account not listed on Schedule 9(f) attached hereto (other than Deposit Accounts maintained with Bank of America) to be opened or maintained except in each case upon giving not less than twenty (20) days' (or such other period as may be agreed to by the Administrative Agent) prior written notice to the Administrative Agent and taking or causing to be taken at such Grantor's expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Administrative Agent to perfect or protect, or maintain the perfection and priority of, the Lien of the Administrative Agent for the benefit of the Secured Parties in Collateral contemplated hereunder.

(g) **Chattel Paper.** With respect to its Chattel Paper whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) Each Grantor shall at all times retain sole physical possession of the originals of all Chattel Paper evidencing an amount exceeding \$250,000 (other than electronic Chattel Paper and the electronic components of hybrid Chattel Paper); provided, however, that (x) upon the request of the Administrative Agent from time to time, such Grantor shall immediately deliver physical possession of such Chattel Paper to the Administrative Agent or its designee, and (y) in the event that there shall be created more than one original counterpart of any physical document that alone or in conjunction with any other physical or electronic document constitutes Chattel Paper, then such counterparts shall be numbered consecutively starting with "1" and such Grantor shall retain the counterpart numbered "1".

(ii) All counterparts of all tangible Chattel Paper (and the tangible components of hybrid Chattel Paper) shall immediately upon the creation or acquisition thereof by any Grantor be conspicuously legended as follows: "A FIRST PRIORITY SECURITY INTEREST IN THIS CHATTEL PAPER HAS BEEN GRANTED TO BANK OF AMERICA, N.A., FOR ITSELF AND AS ADMINISTRATIVE AGENT FOR CERTAIN SECURED PARTIES PURSUANT TO A SECURITY AGREEMENT DATED AS OF [AUGUST 22, 2011] For Chattel Paper dated prior to the date of this Agreement [FEBRUARY 22, 2017] For Chattel Paper dated on or after the date of this Agreement, AS AMENDED FROM TIME TO TIME. NO SECURITY INTEREST OR OTHER INTEREST IN FAVOR OF ANY OTHER PERSON MAY BE CREATED BY THE TRANSFER OF PHYSICAL POSSESSION OF THIS CHATTEL PAPER OR OF ANY COUNTERPART HEREOF EXCEPT BY OR WITH THE CONSENT OF THE AFORESAID ADMINISTRATIVE AGENT AS PROVIDED IN SUCH SECURITY AGREEMENT." In the case of electronic Chattel Paper (including the electronic components of hybrid Chattel Paper), no Grantor shall create or acquire any such Chattel Paper unless, prior to such acquisition or creation, it shall have taken such Perfection Action as the Administrative Agent may require to perfect by control the security interest of the Administrative Agent for the benefit of the Secured Parties in such Collateral.

(iii) Other than in the ordinary course of business and in keeping with reasonable and customary practice, no Grantor shall amend, modify, waive or terminate any material provision of, or fail to exercise promptly and diligently each material right or remedy conferred under or in connection with, any Chattel Paper evidencing an amount exceeding \$250,000, in any case in such a manner as could reasonably be expected to materially adversely affect the value of affected Chattel Paper as collateral.

(h) **Instruments.** With respect to its Instruments whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that each Grantor shall (i) maintain at all times, and furnish to the Administrative Agent at the Administrative Agent's reasonable request, a current list identifying in reasonable detail Instruments of which such Grantor is the payee or holder and having a face amount payable in excess of \$250,000, but, other than during the continuance of an Event of Default, not more than once per fiscal year, and (ii) upon the reasonable request of the Administrative Agent, deliver to the Administrative Agent the originals of all such Instruments, together with duly executed undated endorsements in blank affixed thereto and such other documentation and information as may be reasonably necessary to enable the Administrative Agent to realize upon the Instruments in accordance with their respective terms or transfer the Instruments as may be permitted under the Loan Documents or by applicable law.

(i) **Commercial Tort Claims.** With respect to its Commercial Tort Claims whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Administrative Agent for the benefit of the Secured Parties that:

(i) Schedule 9(i) attached hereto contains a true and complete list of all Commercial Tort Claims in which any Grantor has an interest and which have been identified by a Grantor as of its Applicable Date, and as to which the Grantor believes in good faith there exists the possibility of recovery (including by way of settlement) of monetary relief in excess of \$1,000,000 ("Grantor Claims"). Each Grantor shall furnish to the Administrative Agent upon its reasonable request but, other than during the continuance of an Event of Default, not more than once per fiscal year, a list of all Grantor Claims that are not then described on Schedule 9(i) attached hereto and stating that each of such additional Grantor Claims shall be deemed added to such Schedule 9(i) and shall constitute a Commercial Tort Claim, a Grantor Claim, and additional Collateral hereunder, and (y) summarizing the status or disposition of any Grantor Claims that have been settled, or have been made the subject of any binding mediation, judicial or arbitral proceeding, or any judicial or arbitral order on the merits, or that have been abandoned. With respect to each such additional Grantor Claim, such Grantor Claim shall be and become part of the Collateral hereunder from the date such claim is identified to the Administrative Agent as provided above without further action, and (ii) the Administrative Agent is hereby authorized at the expense of the applicable Grantor to execute and file such additional financing statements or amendments to previously filed financing statements, and take such other action as it may deem reasonably necessary or advisable, to perfect the Lien on such additional Grantor Claims conferred hereunder, and the Grantor shall, if required by applicable law or otherwise at the reasonable request of the Administrative Agent, execute and deliver such Perfection Documents and take such other Perfection Action as the Administrative Agent may reasonably determine to be necessary or advisable to perfect or protect the Lien of the Administrative Agent for the benefit of the Secured Parties in such additional Grantor Claims conferred hereunder.

10. **Casualty and Liability Insurance Required.**

(a) Each Grantor will maintain insurance with respect to the Collateral to the extent required under Section 6.07 of the Credit Agreement.

(b) Each insurance policy obtained in satisfaction of the requirements of Section 10(a):

(i) shall prohibit cancellation or substantial modification, termination or lapse in coverage by the insurer without at least thirty (30) days' prior written notice to the Administrative Agent, except for non-payment of premium, as to which such policies shall provide for at least ten (10) days' prior written notice to the Administrative Agent;

(ii) without limiting the generality of the foregoing, all insurance policies where applicable under Section 10(a)(i) carried on the Collateral shall name the Administrative Agent, for the benefit of the Secured Parties, as loss payee and the Administrative Agent and Secured Parties as parties insured thereunder in respect of any claim for payment.

(c) Prior to expiration of any such policy, such Grantor shall furnish the Administrative Agent with evidence satisfactory to the Administrative Agent that the policy or certificate has been renewed or replaced or is no longer required by this Security Agreement.

(d) Each Grantor hereby makes, constitutes and appoints the Administrative Agent (and all officers, employees or agents designated by the Administrative Agent), for the benefit of the Secured Parties, as such Grantor's true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item or payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance, which appointment is coupled with an interest and is irrevocable; provided, however, that the powers pursuant to such appointment shall be exercisable only upon the occurrence and during the continuation of an Event of Default.

(e) In the event such Grantor shall fail to maintain, or fail to cause to be maintained, the full insurance coverage required hereunder or shall fail to keep any of its Collateral in good repair and good operating condition, the Administrative Agent may (but shall be under no obligation to), without waiving or releasing any Secured Obligation or Default or Event of Default by such Grantor hereunder, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and all sums so disbursed by Administrative Agent, including reasonable Attorneys' Costs, court costs, expenses and other charges related thereto, shall be payable on demand by such Grantor to the Administrative Agent, shall be additional Secured Obligations secured by the Collateral, and (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.

(f) The provisions contained in this Security Agreement pertaining to insurance shall be cumulative with any additional provisions imposing additional insurance requirements with respect to the Collateral or any other property on which a Lien is conferred under any Collateral Document.

11. Rights and Remedies Upon Event of Default. Upon and during the continuance of an Event of Default, the Administrative Agent shall have the following rights and remedies on behalf of the Secured Parties in addition to any rights and remedies set forth elsewhere in this Security Agreement or the other Loan Documents, all of which may be exercised with or, if allowed by law, without notice to a Grantor:

(a) All of the rights and remedies of a secured party under the UCC or under other applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Security Agreement or any other Loan Document;

(b) The right to foreclose the Liens and security interests created under this Security Agreement by any available judicial procedure or without judicial process;

(c) The right to (i) enter upon the premises of a Grantor through self-help and without judicial process, without first obtaining a final judgment or giving such Grantor notice or opportunity for a hearing on the validity of the Administrative Agent's claim and without any obligation to pay rent to such Grantor, or any other place or places where any Collateral is located and kept, and remove the Collateral therefrom to the premises of the Administrative Agent or any agent of the Administrative Agent, for such time as the Administrative Agent may desire, in order effectively to collect or liquidate the Collateral, (ii) require such Grantor or any bailee or other agent of such Grantor to assemble the Collateral and make it available to the Administrative Agent at a place to be designated by the Administrative Agent that is reasonably convenient to both parties, and (iii) notify any or all Persons party to a Qualifying Control Agreement or who otherwise have possession of or control over any Collateral of the occurrence of an Event of Default and other appropriate circumstances, and exercise control over and take possession or custody of any or all Collateral in the possession, custody or control of such other Persons;

(d) The right to (i) exercise all of a Grantor's rights and remedies with respect to the collection of Accounts, Chattel Paper, Instruments, Supporting Obligations and General Intangibles (collectively, "Payment Collateral"), including the right to demand payment thereof and enforce payment, by legal proceedings or otherwise; (ii) settle, adjust, compromise, extend or renew all or any Payment Collateral or any legal proceedings pertaining thereto; (iii) discharge and release all or any Payment Collateral; (iv) take control, in any manner, of any item of payment or proceeds referred to in Section 5 above; (v) prepare, file and sign a Grantor's name on any Proof of Claim in bankruptcy, notice of Lien, assignment or satisfaction of Lien or similar document in any action or proceeding adverse to any obligor under any Payment Collateral or otherwise in connection with any Payment Collateral; (vi) endorse the name of a Grantor upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to any Collateral; (vii) use the information recorded on or contained on a Grantor's internet website or otherwise in any data processing equipment and computer hardware and software relating to any Collateral to which a Grantor has access; (viii) open such Grantor's mail and collect any and all amounts due to such Grantor from any Account Debtors or other obligor in respect of Payment Collateral; (ix) take over such Grantor's post office boxes or make other arrangements as the Administrative Agent, on behalf of the Secured Parties, deems necessary to receive such Grantor's mail, including notifying the post office authorities to change the address for delivery of such Grantor's mail to such address as the Administrative Agent, on behalf of the Secured Parties, may designate; (x)

notify any or all Account Debtors or other obligor on any Payment Collateral that such Payment Collateral has been assigned to the Administrative Agent for the benefit of the Secured Parties and that Administrative Agent has a security interest therein for the benefit of the Secured Parties (provided that the Administrative Agent may at any time give such notice to an Account Debtor that is a department, agency or authority of the United States government); each Grantor hereby agrees that any such notice, in the Administrative Agent's sole discretion, may (but need not) be sent on such Grantor's stationery, in which event such Grantor shall co-sign such notice with the Administrative Agent if requested to do so by the Administrative Agent; and (xi) do all acts and things and execute all documents necessary, in Administrative Agent's sole discretion, to collect the Payment Collateral; and

(e) The right to sell all or any Collateral in its then existing condition, or after any further manufacturing or processing thereof, at such time or times, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, with or without representations and warranties, all as the Administrative Agent, in its sole discretion, may deem advisable. The Administrative Agent shall have the right to conduct such sales on a Grantor's premises or elsewhere and shall have the right to use a Grantor's premises without charge for such sales for such time or times as the Administrative Agent may see fit. The Administrative Agent may, if it deems it reasonable, postpone or adjourn any sale of the Collateral from time to time by an announcement at the time and place of such postponed or adjourned sale, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that the Administrative Agent has no obligation to preserve rights to the Collateral against prior parties or to marshal any Collateral for the benefit of any Person. The Administrative Agent for the benefit of the Secured Parties is hereby granted an irrevocable fully paid license or other right (including each Grantor's rights under any license or any franchise agreement), each of which shall remain in full force and effect until the Facility Termination Date, to use, without charge, each of the labels, patents, copyrights, names, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature owned or licensed by any Grantor, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, the Administrative Agent shall have the right, but shall not be obligated, to perform such repairs, maintenance, preparation, processing or completion of manufacturing for the purpose of putting the same in such saleable form as the Administrative Agent shall deem appropriate, but the Administrative Agent shall have the right to sell or dispose of the Collateral without such processing and no Grantor shall have any claim against the Administrative Agent for the value that may have been added to such Collateral with such processing. In addition, each Grantor agrees that in the event notice is necessary under applicable law, written notice mailed to such Grantor in the manner specified herein ten (10) days prior to the date of public sale of any of the Collateral or prior to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to such Grantor. All notice is hereby waived with respect to any of the Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Administrative Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale, free from any right of redemption which is hereby expressly waived by such Grantor and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Secured Obligations.

The net cash proceeds resulting from the collection, liquidation, sale, or other disposition of the Collateral shall be applied first to the expenses (including all Attorneys' Costs) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations in accordance with the terms of Section 8.03 of the Credit Agreement. Each Grantor shall be liable to the Administrative Agent, for the benefit of the Secured Parties, and shall pay to the Administrative Agent, for the benefit of the Secured Parties, on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral.

12. Attorney-in-Fact. Each Grantor hereby appoints the Administrative Agent as the Grantor's attorney-in-fact for the purposes of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided that the Administrative Agent shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of an Event of Default. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right and power

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to endorse such Grantor's name on any checks, notes, drafts or any other payment relating to or constituting proceeds of the Collateral which comes into the Administrative Agent's possession or the Administrative Agent's control, and deposit the same to the account of the Administrative Agent, for the benefit of the Secured Parties, on account and for payment of the Secured Obligations;

(d) to file any claims or take any action or institute any proceedings that the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent, for the benefit of the Secured Parties, with respect to any of the Collateral; and

(e) to execute, in connection with any sale or other disposition of Collateral provided for herein, any endorsement, assignments, or other instruments of conveyance or transfer with respect thereto.

13. Reinstatement. The granting of a security interest in the Collateral and the other provisions hereof shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or is repaid by any Secured Party in whole or in part in good faith settlement of a pending or threatened avoidance

claim, whether upon the insolvency, bankruptcy or reorganization of any Grantor or any other Loan Party or otherwise, all as though such payment had not been made. The provisions of this Section 13 shall survive repayment of all of the Secured Obligations and the termination or expiration of this Security Agreement in any manner, including but not limited to termination upon occurrence of the Facility Termination Date.

14. Certain Waivers by the Grantors. Each Grantor waives to the extent permitted by applicable law (a) any right to require any Secured Party or any other obligee of the Secured Obligations to (x) proceed against any Person or entity, including without limitation any Loan Party, (y) proceed against or exhaust any Collateral or other collateral for the Secured Obligations, or (z) pursue any other remedy in its power; (b) any defense arising by reason of any disability or other defense of any other Person, or by reason of the cessation from any cause whatsoever of the liability of any other Person or entity, (c) until 93 days immediately following the Facility Termination Date or such other period as may be agreed to in writing by the Administrative Agent, any right of subrogation, and (d) any right to enforce any remedy which any Secured Party or any other obligee of the Secured Obligations now has or may hereafter have against any other Person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Administrative Agent for the benefit of the Secured Parties. Each Grantor authorizes each Secured Party and each other obligee of the Secured Obligations without notice (except notice required by applicable law) or demand and without affecting its liability hereunder or under the Loan Documents from time to time to: (i) take and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; and (ii) apply such Collateral or other security and direct the order or manner of sale thereof as such Secured Party or obligee in its discretion may determine.

The Administrative Agent may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to a Grantor and the receipt thereof by such Grantor shall be a complete and full acquittance for the Collateral so delivered, and the Administrative Agent shall thereafter be discharged from any liability or responsibility therefor.

15. Continued Powers. Until the Facility Termination Date shall have occurred, the power of sale and other rights, powers and remedies granted to the Administrative Agent for the benefit of the Secured Parties hereunder shall continue to exist and may be exercised by the Administrative Agent at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Grantor may have ceased.

16. Other Rights. The rights, powers and remedies given to the Administrative Agent for the benefit of the Secured Parties by this Security Agreement shall be in addition to all rights, powers and remedies given to the Administrative Agent or any Secured Party under any other Loan Document or by virtue of any statute or rule of law. Any forbearance or failure or delay by the Administrative Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Secured Parties shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms of the Credit Agreement.

17. Anti-Marshaling Provisions. The right is hereby given by each Grantor to the Administrative Agent, for the benefit of the Secured Parties, to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Administrative Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Collateral conferred hereunder, nor release any Grantor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Administrative Agent, for the benefit of the Secured Parties, the Administrative Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Security Agreement. Each Grantor hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein or in any other Loan Document.

18. Entire Agreement. This Security Agreement and each Security Joinder Agreement, together with the Credit Agreement and other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as contained in the Loan Documents. The express terms hereof and of the Security Joinder Agreements control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof or thereof. Neither this Security Agreement nor any Security Joinder Agreement may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in a manner other than as provided in the Credit Agreement.

19. Third Party Reliance. Each Grantor hereby consents and agrees that all issuers of or obligors in respect of any Collateral, and all securities intermediaries, warehousemen, bailees, public officials and other Persons having any interest in, possession of, control over or right, privilege, duty or discretion in respect of, any Collateral shall be entitled to accept the provisions hereof and of the Security Joinder Agreements as conclusive evidence of the right of the Administrative Agent, on behalf of the Secured Parties, to exercise its rights hereunder or thereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Grantor or any other Person to any of such Persons.

20. Binding Agreement; Assignment. This Security Agreement and each Security Joinder Agreement, and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective successors and assigns, except that no Grantor shall be permitted to assign this Security Agreement, any Security Joinder Agreement or any interest herein or therein or, except as expressly permitted herein or in the Credit Agreement, in the Collateral or any part thereof or interest therein. Without limiting the generality of the foregoing sentence of this Section 20, any Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under the Credit Agreement (to the extent permitted by the Credit Agreement); and to the extent of any such assignment or participation such other Person shall, to the fullest extent permitted by law, thereupon

become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, subject however, to the provisions of the Credit Agreement, including Article IX thereof (concerning the Administrative Agent) and Section 10.06 thereof (concerning assignments and participations). All references herein to the Administrative Agent and to the Secured Parties shall include any successor thereof or permitted assignee, and any other obligees from time to time of the Secured Obligations.

21. Secured Cash Management Agreements; Secured Hedging Agreements; Secured Permitted Standalone Letters of Credit. No Secured Party (other than the Administrative Agent) that obtains the benefit of this Security Agreement shall have any right to notice of any action or to consent to, direct or object to any action hereunder or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender or the L/C Issuer and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Security Agreement to the contrary, the Administrative Agent shall only be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, the Secured Obligations arising under Secured Cash Management Agreements, Secured Hedge Agreements or Secured Permitted Standalone Letters of Credit to the extent the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as it may request, from the applicable Cash Management Bank, Hedge Bank or PSLOC Bank, as the case may be. Each Secured Party not a party to the Credit Agreement that obtains the benefit of this Security Agreement shall be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of the Credit Agreement, and that with respect to the actions and omissions of the Administrative Agent hereunder or otherwise relating hereto that do or may affect such Secured Party, the Administrative Agent and each of its Related Parties shall be entitled to all the rights, benefits and immunities conferred under Article IX of the Credit Agreement.

22. Severability. If any provision of this Security Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Security Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

23. Counterparts. This Security Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart executed by the Grantor against whom enforcement is sought. Without limiting the foregoing provisions of this Section 23, the provisions of Section 10.10 of the Credit Agreement shall be applicable to this Security Agreement.

24. Termination. Subject to the provisions of Section 13, this Security Agreement and each Security Joinder Agreement, and all obligations of the Grantors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party on the Facility Termination Date. Upon such termination of this Security Agreement, the Administrative Agent shall, at the request and sole expense of the Grantors, promptly deliver to the Grantors such termination statements and take such further actions as the Grantors may reasonably request to terminate of record, or otherwise to give appropriate notice of the termination of, any Lien conferred hereunder.

25. Notices. Any notice required or permitted hereunder or under any Subsidiary Guaranty Joinder Agreement shall be given, (a) with respect to each Grantor, at the address of the Company indicated in Schedule 10.02 of the Credit Agreement and (b) with respect to the Administrative Agent or any other Secured Party, at the Administrative Agent's address indicated in Schedule 10.02 of the Credit Agreement. All such addresses may be modified, and all such notices shall be given and shall be effective, as provided in Section 10.02 of the Credit Agreement for the giving and effectiveness of notices and modifications of addresses thereunder.

26. Joinder. Each Person that shall at any time execute and deliver to the Administrative Agent a Security Joinder Agreement substantially in the form attached as Exhibit A hereto shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Grantor and shall have thereupon pursuant to Section 2 hereof granted a security interest in and collaterally assigned to the Administrative Agent for the benefit of the Secured Parties all Collateral in which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references herein and in the other Loan Documents to the Grantors or to the parties to this Security Agreement shall be deemed to include such Person as a Grantor hereunder. Each Security Joinder Agreement shall be accompanied by the Supplemental Schedules referred to therein, appropriately completed with information relating to the Grantor executing such Security Joinder Agreement and its property. Each of the applicable Schedules attached hereto shall be deemed amended and supplemented without further action by such information reflected on the Supplemental Schedules.

27. Rules of Interpretation. The rules of interpretation contained in Section 1.03 of the Credit Agreement shall be applicable to this Security Agreement and each Security Joinder Agreement and are hereby incorporated by reference. All representations and warranties contained herein shall survive the delivery of documents and any Credit Extensions referred to herein or secured hereby.

28. Governing Law; Jurisdiction; Etc.

(a) **THIS SECURITY AGREEMENT AND EACH SECURITY JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.**

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 25. NOTHING IN THIS SECURITY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

29. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT OR ANY SECURITY JOINDER AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have duly executed this Security Agreement on the day and year first written above.

GRANTORS:

**MASTEC, INC.
MASTEC NORTH AMERICA, INC.**

By: /s/ George Pita
Name: George Pita
Title: Executive Vice President, Chief Financial
Officer and Principal Accounting Officer

Bottom Line Services, LLC

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Investor Manager

**EC SOURCE Services, LLC
MasTec Network Solutions, LLC
T&D Power, Inc.**

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Executive Vice President

EC SOURCE Aviation, LLC

By: EC Source Services, LLC, the Sole Member

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Executive Vice President

**Energy Erectors, Inc.
Energy Environmental Group, Inc.
MasTec ETS Service Company, LLC
MasTec Network Solutions, Inc.
MasTec Residential Services, LLC
MP Drilling Holdings, LLC
POWER PARTNERS MASTEC, INC.
Power Partners MasTec, LLC
Three Phase Acquisition Corp.
Three Phase Line Construction, Inc.
Wanzek Construction, Inc.
WesTower Communications, LLC**

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: President

GO GREEN Services, LLC

By: /s/ Robert E. Apple
Name: Robert E. Apple
Title: Initial Manager

Precision Acquisition, LLC

By: MasTec, Inc., the Sole Member

By: /s/ Robert E. Apple

Name: Robert E. Apple

Title: Chief Operating Officer

MasTec POWER CORP.

MasTec Renewables Construction Company, Inc.

Pretec Directional Drilling, LLC

Pumpco, Inc.

By:

Name: Robert E. Apple

Title: Vice President

Precision Pipeline LLC

Precision Transport Company, LLC

By: /s/ Steve Rooney

Name: Steve Rooney

Title: President

MasTec Wireless Services, LLC

By: /s/ George Pita

Name: George Pita

Title: Executive Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Angela Larkin
Name: Angela Larkin
Title: Assistant Vice President